

FUTURE SCENARIOS ON MULTILATERALISM:

GLOBAL GOVERNANCE MODELS FOR EFFICIENT (ECONOMIC) POLICY COORDINATION

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1. Introduction to the research project and definition of the concept of multilateralism

1.1 Contextualization and scope of this work

We live in an extremely fast-paced society with the Covid-19 pandemic having put the world upside down. Economically speaking, nothing is currently as it was before 2020 and global recovery is moving at increasingly different speed. Obviously, the original research proposal was developed prior to this scenario, when scholars of multilateralism were already observing with worries what was going on at the White House under President Trump, forecasting some of the devastating consequences that punctually materialized in the meantime. On this side of the ocean instead, it was mainly Brexit holding Europe spellbound and showing with notable emphasis that the understanding of a mutually beneficial multilateral cooperation mechanism was being caught in a blind alley, leaving the broader public with only a very small portion of confidence in international negotiations, agreements and organizations.

Trump was certainly not alone with displaying such a behavior, with other Leaders as Erdogan, Bolsonaro or Putin showing similar attitudes, tapping into his footprints concerning disinformation campaigns, belligerent rhetoric, and resignations from international agreements. While maybe nobody would have reckoned an escalation of such an extent as the storming of Capitol Hill with wild riots irreversibly damaging the already tarnished image of US democracy, the international community was however following with deep concern the advancements of the trade war among the USA and China, bringing to surface the “wolf-warrior diplomacy” phenomenon of the latter.

Discerned against this backdrop, the research has the purpose to shed light on the impact of selected multilateral platforms and institutions in charge of implementing international cooperation agreements by analyzing strengths and weaknesses of their processes and functioning and by carefully focusing on eventual potential for improvement. By deep diving into an assessment of key elements of current fora and multilateral mechanisms that promote and actively perform multilateral economic cooperation, the intention is to define good practices based on relevant characteristics that contribute positively to a fruitful negotiation process, able to reshape and upgrade multilateralism to be functional, inclusive, representative, and sustainable for the 21st century. This comprises providing insights on new alliances building, elucidating the *raison d'être* of new groupings emerging in certain geopolitical circumstances or with regard to specific thematic issues, with the final aim to develop a balanced scenario of future global governance models which allow peaceful co-living and take a conscious exploitation of resources into account.

Collecting elements for a modern interpretation of efficient policy coordination might correspond to a first step to add value to the global dialogue and drive the process forward, while paying tribute to a more

equally balanced distribution of wealth in a world with extraordinarily complex value chains, struggling to adapt to the rapid pace of change imposed not least because of the rampant digital transition.

Professedly, one could feel like living in a totally topsy-turvy world when listening to Chinese President Xi praising the universal value of multilateralism at the virtual Davos edition in 2021, inviting all countries to uphold it by all means in order to “let the torch of multilateralism light up humanity’s way forward”¹, while US President Trump was simply not present, let alone intervening in favor of a rules-based international order. But with the handing over to President Biden, having to clear Trump’s debris, there comes hope. Hope to sit back in a fairer and more predictable manner at international tables, considering partnerships as a value and international governance as a common good that all parties benefit from. On the other hand, the “global citizen” is now more aware of the debate, as multilateral agreements – especially with regard to the recovery from the pandemic and to future resilience – are continuously in the spotlight. Critical goods’ supply and the distribution of vaccines to finally overcome at least the health crisis are an example and keep the broader public’s attention steadily high. In fact, after having learned that “quiet isn’t always peace, and the norms and notions of what “just” is, isn’t always justice”², the world seems to stand readier to engage in a constructive debate on renewing some international institutions including their mandate – a tightrope act, given its implications on the difficult question around possibly necessary reforms of the multilateral apparatus as such, its leadership, imprint on values and representativeness against the backdrop of the current power distribution.

This research finally looks at questions around security (especially with regard to critical digital infrastructures) and stability, potentially assuming the main global currency would not abide by the dollar and the IMF suffer competition in a medium run. Ultimately, this culminates in the attempt to suggest ways to redesign the multilateral process given the world’s “multiplexity”. There is most unquestionable evidence that we live in a difficult historical moment, with ahead of us huge challenges for humanity as tangles to untie. But on the other hand, it is also an extremely dynamic one, where multiple heads of government have shown courage and enlightened leadership skills, moving towards reconciliation with the idea of finding a compromise for a new, rules-based world order, allowing all economies to recover and unleash their potential. Just think of the newly established relations among UAE and Israel or the recent even if only cursory rapprochement among the two archenemies of Iran and Saudi Arabia under the aegis of Iraq.

In conclusion, this work eventually brainstorms and puts forward some proposals on prerequisites concerning the ability of the West to accept the coexistence of open democracies and other political systems (including totalitarian regimes and dictatorships) and establish relations on equal footing with

¹ Translation of the full text transcription of the “Special Address by Chinese President Xi Jinping at the World Economic Forum Virtual Event of the Davos Agenda”, Xinhua Net, 25th of January 2021, p. 1, available at: http://www.xinhuanet.com/english/2021-01/25/c_139696610.htm

² Amanda Gorman, The Hill We Climb: An Inaugural Poem for the Country, transcription, verses 5-6

them in order to be able to jointly fight global threats as the climate crisis or future pandemics. With this in mind and by spinning out the scenario further, it does not appear too strenuous drafting a first outlook on the beneficial consequences of a coalition among like-minded democracies.

1.2 Multidisciplinary definition of the multilateral process

To introduce this work in an appropriate manner it looks reasonable to have a look at current definitions of what is considered as multilateralism today. As expected, there are numerous ways to express the basic idea of it: a state-level joint cooperation with equal rights, put in place to face political, societal or technological challenges with cross-border nature to secure peace and justice among Nations.³ In international law the term is used if three or more states or other subjects of international law act cooperatively and jointly, counting principally on equal rights when engaging in diplomacy or signing agreements. Miles Kahler offered the following definition “international governance of the many” putting emphasis on the central principle on being “an opposition to bilateral discriminatory arrangements that were believed to enhance the leverage of the powerful over the weak and to increase international conflict”⁴, which is somehow in line with Robert Keohane’s approach to the definition of multilateralism developed in the 1990: “the practice of coordinating national policies in groups of three or more States”⁵. John Ruggie adds an additional element referring to the diffusion of reciprocity thanks to multilateralism in international relations, by basing it “on ‘generalized’ principles of conduct [...] which specify appropriate conduct for a class of actions, without regard to particularistic interests of the parties or the strategic exigencies that may exist in any occurrence”⁶.

According to the opinion of numerous scholars and experts in the field, the formal multilateral diplomacy has its roots in the Congress of Vienna⁷, back in the 19th century. Since then, multilateralism has constantly gained momentum and replaced the previously adopted approach on international cooperation, which corresponded mainly to purely intergovernmental (and therefore bilateral) diplomacy in many areas. As a result, numerous international organizations emerged in a relatively short time, out of which one of crucial relevance is represented by the United Nations (as the successor to the League of Nations⁸).

The name “United Nations” has been coined by US President Franklin Roosevelt already in early 1942, in the middle of World War II, while the preparatory phase to deliberate on the different proposals for the United Nations Charter involved China, the Soviet Union, the United Kingdom and the United States of America. The Charter was finally signed by fifty countries on the 26th of June 1945 and the United Nations officially came into existence in occasion of the San Francisco Conference on the 24th of October 1945, date that today is still celebrated as the *United Nations Day*.⁹

³ Joachim Krause, *Multilateralismus in einer multipolaren Welt*, Politikum, 4, 2016, p. 5–12

⁴ Miles Kahler, *Multilateralism with Small and Large Numbers*, International Organization, 1992, p. 681

⁵ Robert O. Keohane, *Multilateralism: An Agenda for Research*, International Journal, 1991, p. 731

⁶ John Ruggie, *Multilateralism: the anatomy of an institution*, International Organization, 1992, p. 561-598

⁷ Paul Meerts, *Persuasion through negotiation at the Congress of Vienna 1814-1815*, Diplo, 2013

⁸ See for example the contribution on the UN portal:

[https://www.unog.ch/80256EDD006B8954/\(httpAssets\)/36BC4F83BD9E4443C1257AF3004FC0AE/%24file/Historical_overview_of_the_League_of_Nations.pdf](https://www.unog.ch/80256EDD006B8954/(httpAssets)/36BC4F83BD9E4443C1257AF3004FC0AE/%24file/Historical_overview_of_the_League_of_Nations.pdf)

⁹ Detailed information on the United Nations and its history is available at: <https://www.un.org/en/sections/history/history-united-nations/index.html>

While this research project does not intend to perform a historical analysis or an evaluation of events and related developments of multilateralism, its focus is clearly put on policies' coordination in the globalized world, with particular emphasis on those targeting economic cooperation, considering multilateralism a system of a multiply connected world economy based on open markets.¹⁰

For this purpose, it is worth to remember the Bretton Woods system with its intent to add stability to a world caught in a fragile equilibrium, marked by World War II and its consequences. In 1944, all World War II allies (44 delegations) convened in Bretton Woods, New Hampshire, to jointly establish a new global monetary system, based on the agreement, that national central banks kept the exchange rate between their currency and the US dollar fixed.¹¹ This also in the attempt to demonstrate that they had learned the lesson from the Great Depression in 1929¹² and its disastrous policy mistakes, when hyperinflation was a consequence of countries' strategies to cut the tie to the gold standard, in order to print their currency to cover war costs, which finally led to a supply of money that overwhelmed the demand. After the uncertainty of the inter-war period, fixed exchange rates were considered as essential to shape trade and investments, but also corresponded to the desire to enjoy more flexibility than the gold standard had provided.¹³

The US had emerged from World War II undeniably as the dominant economic power at that time, experiencing rapid growth, thanks to a thriving manufacturing industry and significant capital accumulation; it also held three-fourth of the world's gold supply, allowing the dollar to become the currency to redeem national currency with. This is how the slow transition from the gold standard towards the US dollar took its course: the dollar was fixed at the parity of 35 US dollar per ounce, corresponding to a fixed, but adjustable exchange rate for other currencies. This provided less volatility and culminated in a rapid growth of the world economy, "enabling governments to stimulate their economies without suffering from financial market penalties"¹⁴.

In the same occasion of the Bretton Woods conference, under the intellectual leadership of Harry Dexter White and John Maynard Keynes, the two key institutions to orchestrate the new world order were established: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) – today embedded in the World Bank. Both had an extraordinary role in stabilizing the economies, allowing the world to recover from war. While IBRD mainly issued long-term loans destined to post-war reconstruction (including the support to the Marshall Plan), the IMF provided finance and expanded international liquidity, enabling countries to make necessary adjustments to their

¹⁰ Francis Cheneval, *The Government of the Peoples: On the Idea and Principles of Multilateral Democracy*, New York, 2011, DO - 10.1057/9780230339521

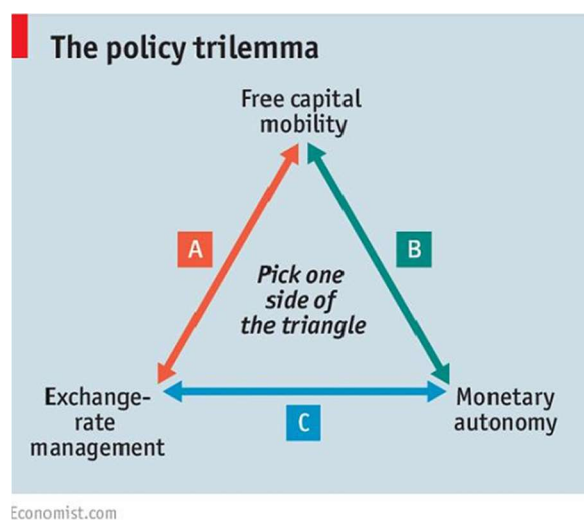
¹¹ Kimberly Amadeo, *Bretton Woods System and 1944 Agreement*, The Balance, 13th of March 2020

¹² Christina D. Romer, *Great Depression*, Encyclopaedia Britannica, available at: <https://www.britannica.com/event/Great-Depression>

¹³ Robert L. Hetzel, *Launch of the Bretton Woods System*, Federal Reserve History, 22nd of March 2013

¹⁴ *The Bretton Woods System*, World Gold Council, available at: <https://www.gold.org/about-gold/history-of-gold/bretton-woods-system>

balance of payments, on the condition that they followed sound domestic economic policies.¹⁵ The World Bank, especially thanks to the creation of the International Development Association in 1960, became a crucial player to set the development agenda of the upcoming decades, allowing emerging economies to thrive also as a result of grants and concessional loans from rich industrialized nations. After its 15 years to be completely up and operational, the Bretton woods system was initially evaluated as successful, but with the constant growth of cross-border capital flows after two decades, its limits became tangible and countries were caught faced with the “impossible trinity”, referring to the Fleming-Mundell trilemma model, elaborating on the three options to choose from in international monetary policy, represented in a triangle. The three sides show 1) fixed exchange rates; 2) free flow of capital and 3) independent monetary policy.



At a given time, mutual exclusivity allows only one side of the trilemma triangle to be achieved and – as a consequence – the inherent tensions, instabilities and in-built contradictions of the Bretton Wood system became more and more evident and underpinned its short-lived character.¹⁶ The most prominent reason for its final demise in 1971 relies in the raise of inflation in the US, starting in 1965 and culminating in the Great Inflation in the 70s, attributed today to policy mistakes, based on the suggestion that there is a trade-off between inflation and unemployment (Philips curve), more than to expansionary defense spending during the Vietnam War and high oil prices.¹⁷ The decision to suspend gold convertibility has been taken by President Richard Nixon on the 15th of August 1971, triggered by French and British interventions to re-convert their dollars into gold and therefore to preserve a run on Fort Knox, which at time only “contained a third of the gold bullion necessary to cover the amount of dollars in foreign hands”¹⁸. While there are many other factors weakening the Bretton Woods system in addition to the inappropriate inflationary monetary policy of the US, its key currency country (to mention the problems

¹⁵ Stephen Pickford, *Renew the Bretton Woods System*, Chatham House, June 2019

¹⁶ Maurice Obstfeld, *The Trilemma in History: Tradeoffs among Exchange Rates, Monetary Policies and Capital Mobility*, Berkeley, 2004

¹⁷ David A. Lopez, *The Great Inflation: A Historical Overview and Lessons Learned*, Economic Research, Federal Reserve Bank St. Louis, October 2012

¹⁸ M. J. Stephey, *A Brief History of Bretton Woods System*, *Time*, 21st of October 2008

related to confidence, seigniorage, adjustment, symmetry and liquidity, but also the Triffin dilemma and the effects of speculation and short term capital movements¹⁹), its collapse was finally a consequence of the violation of its most important rules, “which was to follow monetary and fiscal policies consistent with the official peg”²⁰. From 1973 onwards advanced countries adopted a managed floating exchange rate system, replacing former agreements, featuring the US dollar standard still as a protagonist and continuing to therefore mark the legacy of the Bretton Woods system.

A specific thought in the context of this research shall be deserved to the structural change undermining the monetary policy put in place by the United States: their undisputed decline of hegemony. With the course of the years, Japan and Europe successfully recovered from the disastrous wartime devastation, stimulating a shift towards a more pluralistic distribution of economic power, as they were not willing to blindly allow the US to enjoy far reaching privileges any longer. Moreover, the governance changes at IMF or World Bank have not kept pace with the current economic reality, considering the power and contribution of emerging countries to global growth and especially the role of China, having “overtaken the US as the world’s largest economy”²¹. This scenario immediately evokes the studies initiated by Charles Kindleberger and the related hegemonic stability theory, arguing that “states can only cooperate economically with one another when a hegemonic power holds the ring, economically or militarily”²², as “there has to be a stabilizer, one stabilizer”²³. To maximize the economic gain, the hegemon creates a regime, based on a liberal international economy, in order to promote both political and security related priorities and persuades through leadership and cooperation. This convinces the participating States, given the overall positive outcome and consequences of the system, attributing the hegemon high prestige and a preponderant status in the international political system and by accepting and legitimizing his predominance.²⁴

While this is not the place to reiterate the theory as it would deserve, what is interesting to focus on is the question on what could happen after the natural and necessary decline of an hegemonic power and regarding the raise or eventual co-existence with another power in the 21st century, in which the Covid-19 pandemic has exemplarily unveiled how much the world is interconnected, be it with regard to globalization and its impact on our daily life or concerning the question on how deeply one should be rooted in international supply chains, as this might equal to a higher risk of (economic) vulnerability.

As Stanley Hoffmann rightly pointed out: “the very complexity of the current international scene makes a fair and effective system of world governance more necessary than ever – but it also makes it unlikely”²⁵

¹⁹ Michael D. Bordo, *A Retrospective on the Bretton Woods System, Lessons for International Monetary Reform*, Chicago, 1993

²⁰ Michael D. Bordo, *The Operation and Demise of the Bretton Woods System: 1958-1971*, VOX CEPR Policy Portal, 23rd of April 2017

²¹ Stephen Pickford, *Renew the Bretton Woods System*, Chatham House, June 2019, p. 2

²² Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*, New York, 1986, p.55

²³ Charles P. Kindleberger, *The World in Depression: 1929-1939*, Berkeley, 1973, p. 305.

²⁴ Robert Gilpin, *Global and Political Economy: Understanding the International Economic Order*, Princeton, 2001, p. 73

²⁵ Stanley Hoffmann, *World governance: beyond utopia*, Daedalus, 2003, p. 61

and providing answers able to match the purpose of developing new scenarios for a more balanced global governance model remains a difficult endeavor. This clearly evidences that dealing with international political economy matters corresponds to “a multidisciplinary enterprise”.²⁶

²⁶ John Ravenhill, “The Emergence of IPE”, in: *The Oxford Handbook of International Relations*, 2008, p. 543

2. Multilateralism in history

2.1 The Organization for Economic Cooperation and Development

After World War II, when Europe suffered because of its nearly complete breakdown of the business structure, the US expressed their strong commitment for a “rehabilitation of Europe”, overcoming hunger, poverty, desperation and chaos. Through the so-called Marshall Plan, launched in 1947, the US announced to do “whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace”²⁷. Its recommendations were based on the assumptions and analysis that German and European devastated economic conditions would have international repercussions and led to a clear recognition by European Governments of strong interdependency among their economies. As a consequence, the Organization for European Economic Cooperation (OEEC) was established in 1948 to implement the US-financed Marshall Plan for the “reconstruction of a continent ravaged by war”²⁸ and can be interpreted as “one of the roots of the European Union”²⁹.

With the prospect of slightly modifying its mission in order to carry out its work on a global scale, the organization steadily evolved, the United States and Canada joined and during celebrative event on December 14th, 1960 a new Convention³⁰ was signed, which culminated in the formal establishment of the Organization for Economic Cooperation and Development (OECD) on September 30th, 1961, when the convention entered into force. 21 articles are defining its scope, structure and governance, which clearly refer to policy promotion and coordination. These policies shall be designed to:

- (a) to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
- (b) to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
- (c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.³¹

Since ever, the countries, joint the organization are referred to as members or contracting partners, taking decisions or making recommendations by mutual agreement. Members who “assumed the obligations of

²⁷ George Catlett Marshall, “Marshall Plan Speech” at Harvard University, 5th of June 1947, retrieved on: <http://www.oecd.org/general/themarshallplanspeechatharvarduniversity5june1947.htm>

²⁸ Found on <http://www.oecd.org/about/history/>

²⁹ Kimberly Amadeo, The OECD and Member Countries, The Balance, 3rd of May 2021

³⁰ The whole text of the Convention on the Organisation for Economic Cooperation and Development can be found at: <http://www.oecd.org/general/conventionontheorganisationforeconomicco-operationanddevelopment.htm>

³¹ Article 1 of the Convention

membership” (Article 16) are supposed to “co-operate closely and where appropriate take co-ordinated action” (Article 3).

Rather immediately other countries joined the organization, starting with Japan in 1964. Today the OECD is composed of 36 members from all over the world, who enjoy the international exchange on a regular basis to analyze and discuss policy scenarios and learn from others’ experiences and the positive development for example on the US gross domestic product per head of population is somehow claimed by the OECD as the success of their commitment and mandate, interpreting their role as “pivotal in addressing the challenges facing the world economy”³².

The OECD is funded by its member countries; national contributions are calculated on a formula, which is proportional to the relative size of each member’s economy. In addition and based on the individual interest for a certain activity or project, countries can provide voluntary contributions to financially support specific outcomes. The overall consolidated budget in 2017 (2018 figures are not yet available) amounts to 374 million Euro and positions the US with 20.6 million Euro in the top donor position, followed by Japan (9.4 million Euro), Germany (7.4 million Euro), the UK (5.5 million Euro) and France (5.4 million Euro).

One of the strongest added values of the international organization relies on its capacity in collecting, analyzing and reporting economic growth data; by monitoring economic data and by elaborating future scenarios and projections, the OECD is in a perfect position to benchmark policies, collect knowledge in diverse fields related to economic growth (big data or artificial intelligence just as examples) and assist countries to further their prosperity by balancing the impact on the environment. While the recommendations are not legally binding for the member countries, they often pave the way for efficient international cooperation (an example might be the arrangements for export credits or the currently debated universal tax regime for digital giants as Facebook and others), representing a model of multilateralism that since the post-war period has shown its efficacy.

Key topics and priorities have obviously evolved throughout the years. Today the OECD marks its global reach and presents its mission as “to build better policies for better lives”³³. Thanks to its currently 300+ committees and working groups it addresses all areas of policy making, from finance, trade and development to education and environment. Main activities remain assessing data, reviewing policy actions of member countries and issuing policy recommendations that often develop into global standards. The organization defines its working method as “engage, influence, set standards”, which shows their continuous commitment towards a multi-stakeholder approach (governments, academy, civil society).

³² Quoted from: <http://www.oecd.org/about/history/>

³³ See: <http://www.oecd.org/about/>

In the last decade, some minor players of the past, as for example the economies of China and India have developed into giants and their influence and outreach become of paramount importance. As the OECD is broadly considered an alliance of the western industrialized economies, so far all efforts to officially get China, India and Brazil on board failed. To remain representative, the OECD decided to involve the three of them, together with Indonesia and South Africa as key partners, to make sure on a global scale the organization accounts for 80% of world trade and investment. Their representatives participate frequently at the activities of the thematic working groups, recognizing the OECD as a knowledge hub for data and analysis and enjoying the potential value-add of best-practice sharing.

Once a year, the OECD holds a Ministerial Meeting, which corresponds to the most important high-level gathering and showcases the role of the organization to advice on public policies and be the main actor on achieving global standard-setting. The event is hosted at the headquarters in Paris and chaired by the rotating Presidency, who is in charge of suggesting the topic, as a reflection of national priorities in the field of global governance. In 2019 the Meeting was dedicated to “Harnessing Digital Transition for Sustainable Development” and Chaired by the Slovak Prime Minister. In singular cases, the OECD calls for additional Ministerial Meetings, especially on horizontal challenges (for example in relation to small business, digitalization and employment³⁴). Even in those cases the gatherings culminate in a joint declaration with no mandatory or legally binding outputs but setting a “moral sign” and a framework for international cooperation agreements based on a jointly shared governance model.

³⁴ A recent Ministerial Meeting has been hosted by the Mexican Government, dealing with SMEs and inclusive growth (February 2018). The declaration with the title “Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth” has been signed by 55 OECD Member and Non-Member countries, the European Union, and 12 international organizations and associations, who gathered in Mexico City. The text of the declaration can be downloaded at: <http://www.oecd.org/cfe/smes/ministerial/SME-Ministerial-Declaration-ENG.pdf>

2.2 The G7

In 1975, when the world was shaken by the oil shock and subsequent financial crisis, an initiative of the French President Valéry Giscard d'Estaing and the German Chancellor Helmut Schmidt materialized in a meeting of the heads of state and government of the six leading industrial countries: the United States, Japan, Italy, France and West Germany. During the Summit (November 15th-17th 1975) Leaders discussed the global economic situation, trying to multilaterally affront the challenge and develop solutions out of the recession. The output of their meeting at the Castle of Rambouillet, 50 kilometers south-west of Paris, was a 15-points declaration, entitled the “Rambouillet Declaration”, which underlines the commitment of the Leaders of the industrialized economies to a “closer international cooperation and constructive dialogue”³⁵, based on “shared beliefs and shared responsibilities”³⁶. The document also recognizes the growing level of interdependence among countries, be it with regard to world trade, monetary matters and raw materials (especially energy) and expressed their confidence on their policies being compatible and complementary to overcome the crisis. The fact that the economic situation was central for building the G6 format, was due to the huge crisis the world faced in the 1970s, both for the oil shock and the collapse of the Bretton Woods fixed exchange rate system.³⁷ France and Germany opted – given the urgency of the historical context – for organizing an informal meeting, creating a platform stimulating its members to mutually resolve their differences and encourage each other to face economic decisions to what was then the most serious recession since the 1930s. As the topics on the agenda were quite vast and often interlinked, Leaders convened on the opportunity to meet once a year, under a rotating Presidency. In 1976 Canada joined the group and within the European process since 1977 also the President of the European Commission is invited to take part in the meetings and preparatory work. The European Union somehow has occupied an unusual position in the G7, not having the right to host a summit and as a consequence not being able to shape the summit agenda that the Presidency provides to the other member states. But in all other aspects, the EU is full member, with its own Sherpa, participating also in the debates around political topics.³⁸

Main arguments tackled were the following:

- Searching and productive exchange of views on world economy
- Political and economic responsibilities of democracies
- Growth of interdependence and fostering international cooperation
- Inflation and energy crises
- Unemployment and economic recovery

³⁵ Rambouillet Declaration, point 3, available at: https://www.mofa.go.jp/policy/economy/summit/2000/past_summit/01/e01_a.html

³⁶ Rambouillet Declaration, point 2

³⁷ The Federal Government of Germany, “From Rambouillet to Brussels: the History of the G7”, 2015, available at: https://www.g7germany.de/Content/EN/StatischeSeiten/G7_elmau_en/texte_en/2014-11-05-geschichte-g8.html

³⁸ Peter I. Hajnal, *The G8 system and the G20: Evolution, Role and Documentation*, Routledge, 2016, p. 39

- Fostering growth of world trade
- Monetary stability
- Multilateral trade negotiations
- Economic relations with the Soviet Union and the Eastern Bloc
- Cooperative relationship and improved understanding of developing countries
- Conference on International Economic Co-operation
- Cooperation via international organizations.³⁹

In the 1980s the G7 expanded its interests by embracing also foreign and security policy related issues. With the end of the East-West conflict and the fall of the Berlin Wall, Russia entered the scene. All started with Mikhail Gorbachev, the General Secretary of the Communist Party of the Soviet Union, who was invited to talks in London in 1991, held in parallel to the G7 summit. From then onwards Russia participated regularly at the Summit and was formally admitted to the “Group of Eight” in 1998; a big number of topics ranged on the agenda of the G8, with the intend to avoid protectionism and energy dependency, with a proven commitment towards boosting growth and stability.

A rather harmonious collaboration marked the years up to 2014, when Russia, during its G7 Presidency, violated the sovereignty and territorial integrity of Ukraine, which led the remaining G7 governments not to attend the planned G8 gathering in Sochi, but to meet in Brussels. Russia was consequently excluded from the Group and will be admitted again only after changing its course allowing a reasonable confrontation.

Throughout the years following its creation, G7 has developed several work streams, recognizing the added value of international cooperation and alignment in times of rampant globalization. This translated into a number of ministerial gatherings, treating specific topics in detail and make it possible to convene on concrete and tangible actions that can be monitored. All of them are not legally binding but show an endorsement of principles and shared values. While in 2015 in addition to the Summit there were six ministerial meetings (foreign affairs, finance, energy, transport, science & technology and health)⁴⁰, in 2016 they increased to ten (adding agriculture, telecommunications, education, environment)⁴¹ and became thirteen in 2017 (adding a track on culture, gender and internal affairs, combining telecommunications with Industry (ICT & Industry) and education with the broader aspects related to labor).⁴² As today many topics are strictly interrelated, Canada opted to reduce the number of single ministerial meetings⁴³, also in the sake of sustainability. In fact, the ministerial meeting on labor was paired with the topic of innovation and industry, while a security track was added to the current framework. By

³⁹ Found at: https://en.wikipedia.org/wiki/1st_G6_summit

⁴⁰ See: https://www.g7germany.de/Webs/G7/EN/G7-Gipfel_en/Programm_en/programm_node.html

⁴¹ ISE-SHIMA G7 Summit Special, “G7 Ministerial Meetings” in: The Japan Times, Tokyo, 25th of May 2016

⁴² Check: <http://www.g7italy.it/en/index.html>

⁴³ Prime Minister of Canada, Canada concludes successful G7 Presidency, Ottawa, 31st of December 2018

looking at recent developments of global economy and the geopolitical tensions the French Presidency in 2019 has opted to take benefit from the informal character of the G7 nature, strengthening both the presence of international organizations as the OECD, the World Bank, IMF and others and the participation of other “major democracies, African partners and key representatives of civil society”⁴⁴. This also because of the chosen motto “A G7 fighting inequalities”⁴⁵.

G7 is definitely a suitable example to describe and analyze multilateralism in history. But the debate on its impact and added value has always been put forward. Some days after the founding summit at Rambouillet, the author Philip Shabecoff states in a dedicated article published in the New York Times “its impact was so amorphous that it already appears to be slipping quietly into the dim recesses that history reserves for minor footnotes about insubstantial events”⁴⁶. But the fact that the constructive dialogue in diverse areas of collaboration multiplied and often flourished, finally allowed keeping the debate on a global governance model alive.

One aspect of the Rambouillet Declaration might give us some food for thought: point 8 clearly states “Growth and price stability will be fostered by maintenance of an open trading system. In a period where pressures are developing for a return to protectionism, it is essential for the main trading nations to confirm their commitment to the principles of the OECD pledge and to avoid resorting to measures by which they could try to solve their problems at the expense of others, with damaging consequences in the economic, social and political fields.”⁴⁷

While this was common understanding among the most industrialized countries in 1975 and embodied also by the USA, today we see President Trump engaged in blowing a fire towards a trade war with China, with its devastating consequences for the global community. Considering the body of thought and our G7 community – fundamentally representing “like-minded countries”, it sounds peculiar that the comparison of protectionism with looking oneself in a dark room, where “wind and rain might be kept outside but so are light and air”⁴⁸ comes from President Xi Jinping, Secretary General of the Chinese communist party.

⁴⁴ Quoted from: G7 France, A renewed format for the G7, 14th of June 2019, available at: <https://www.elysee.fr/en/g7/2019/06/14/a-renewed-format-for-the-g7>

⁴⁵ The Government of France, “Fighting inequality, reducing threats, strengthening democracy”, 1st of January 2019, available at: <https://www.elysee.fr/en/g7>

⁴⁶ Philip Shabecoff, “The Rambouillet Economic Parley: Mostly a Nonevent”, in: The New York Times, 28th of November 1975

⁴⁷ Rambouillet Declaration, point 8

⁴⁸ Matt Clinch, “China President Xi Jinping: ‘No one will emerge as winners in a trade war’”, on: CNBC, 17th of January 2017

2.3 The Pacific Alliance

By looking at another example of multilateral cooperation that developed throughout the last years, it is worth to remember the year 2011: it was when Chile, Colombia, Mexico and Peru launched the Pacific Alliance. On the 28th of April Peru's former President Alan García Pérez finalized a negotiation process that resulted in the "Lima Declaration", a statement of intent of Peru, Chile, Colombia and Mexico to establish the Pacific Alliance, promoting economic integration and aiming at fostering free trade with a clear orientation towards Asia. Panama attended the summit as an observer.

The objective of the Pacific Alliance project is to "form an area of deep integration that boosts further growth, development and competitiveness of the economies it comprises, by progressively seeking free movement of goods, services, capital and people; as well as becoming a platform for economic and trade integration with a projection towards the Asia-Pacific region"⁴⁹. The Lima Declaration reflected the common vision of the venture, identifying the obligations of its founding parties to gradually permit free movements, including of labor and to doing so in "a participatory and consensual way"⁵⁰. More in detail, emphasis was placed on the "movement of entrepreneurs, simpler migration transit, a better trading environment, customs cooperation and improved dispute settling mechanisms"⁵¹.

The Pacific Alliance comprises today 38% of GDP, 50% of total trade and attracts 45% of the Foreign Direct Investment.⁵² If considered a single country, the group of nations connected by the Lima Declaration represents the eighth strongest economy in the world with a PPP GDP of more than US\$3 trillion. Worth to mention is also its export capacity: \$445 billion in 2010 according to the World Trade Organization, which corresponds to almost 60% more than Mercosur, the other predominant Latin American trade block.

Since its creation, the initiative further developed and evolved its initial mission to represent a regional integration project and managed to adopt several measures by its Member Countries. A milestone in the cooperation was the launch in May 2011 of a joint platform for stock markets (the *Mercado Integrado Latinoamericano* – MILA), formed originally by Colombia, Chile and Peru, opening a world of opportunities to investors and intermediaries of the financial sector to engage in new activities. In June 2014 also the Mexican stock exchange made its incorporation official and got associated through a first transaction, announced on December 2nd.

Other projects target the promotion of better living standards and the enhancement of social inclusion, as well as joint diplomatic undertakings and achievements such as the waiver of visa for nationals or the Alliance scholarship program.

⁴⁹ Organization of American States, Foreign Trade Information System, "Pacific Alliance", available at:

http://www.sice.oas.org/TPD/Pacific_Alliance/Pacific_Alliance_e.asp

⁵⁰ Information available at: <https://alianzapacifico.net/en/what-is-the-pacific-alliance/>

⁵¹ Daria Kholopova, The Pacific Alliance: History, Goals, Relations with Observer States, Achievements, in: RIAC, 10th of November 2014, p. 1

⁵² For further details see: <https://alianzapacifico.net/en/what-is-the-pacific-alliance/>

This multilateral undertaking, launched in area with a rapid level of growth and development, has broadly attracted the interest of the international community. Its enormous potential for cooperation has resulted in a number of expressions of interest to collaborate with the Pacific Alliance. As of today, 59 countries enjoy their participation, either as observers or associated countries.⁵³ In the diverse working areas there is a lot of potential for efficient cooperation (they range from culture to finance, from gender to environment and labor etc.⁵⁴) and international organizations as for example the OECD has worked out a dedicated agenda to unleash cooperation potential among the Pacific Alliance and its observers and associates seen from a global policy perspective. Four areas are put under the spotlight:

- 1) Digitalization
- 2) Entrepreneurship and SMEs
- 3) Vocational Training and Education and
- 4) Gender Equality.⁵⁵

It is not astonishing that this “strategic economic alliance, originally designed to [...] promote the common interests of its members within Latin America and vis-à-vis the United States, Europe, and especially Asia”⁵⁶ is extremely appealing, as the core countries of it are referred to as the “Pacific Pumas”, who have achieved several goals and strive for further development, operating away from the spotlight in a quiet manner. Translated into our context, “the Puma’s success stems from political and macroeconomic stability, an embrace of global integration and expanding private consumption”⁵⁷.

After eight years of activity, both the members of the alliance as well as the global experts’ community is analyzing its achievements and tasks for a prosperous future. This chapter does not intend to enter the debate for streamlining purposes, but there are two key points that might be useful for the analysis on innovative and efficient global multilateral governance models. One is related to the evolution of the Pacific Alliance, asking the question about being this a trustworthy model for economic integration or not. Certainly, it succeeded in “making Latin American economic integration alluring to a global community that has long preferred maintaining a state of blissful ignorance”⁵⁸, and this has been reflected in diverse negotiation processes first and foremost with the US and Europe. But there is another crucial factor for strengthening the competitiveness of the “Pacific Pumas”: finding a way to harness “the dragon”, corresponding to both an opportunity and a threat. Taken individually, Mexico, Chile, Peru and Colombia face different challenges in dealing with China, be it with regard to trade, foreign investment and more in general competition – as a consequence and on a positive note – this means that they have

⁵³ Organizational chart available at: <https://alianzapacifico.net/en/organization-chart-and-objectives/>

⁵⁴ A complete list can be found at: <https://alianzapacifico.net/en/what-is-the-pacific-alliance/#>

⁵⁵ The information is available at: <https://www.oecd.org/latin-america/home/Global-Policy-Perspective-Report-Pacific-Alliance-and-Observer-Countries.pdf>

⁵⁶ German Institute for Global and Area Studies, “The Pacific Alliance: Nation-Branding through Regional Organisations”, in: GIGA Focus Lateinamerika, 4, August 2016

⁵⁷ Samuel George, The Pacific Pumas – An Emerging Model for Emerging Markets, Bertelsmann Foundation, 14th of March 2014, p. 7

⁵⁸ Daniel P. Erikson, The Pacific Alliance Puzzle, The Global Americans, 27th of July 2018, p. 2

acquired experience and expertise which – shared with the others – can contribute not to fear China, but to put efforts into leveraging its need for resources.⁵⁹ Certain experts are confident that being the Pacific Alliance able to continue their positive momentum, “they will blaze a trail for the Pumas of Latin America to run with the ‘Tigers of the East’⁶⁰”.

⁵⁹ “Chile has quietly engaged China almost as a partner – a rarity for an emerging market. Mexico has proven that the Pumas can compete with the Dragon. Peru has forged a path towards both encouraging and regulating Chinese investment. Colombia, which hopes to increase trade with and investment from China, can learn much from the Chilean, Mexican and Peruvian experiences”, Samuel George, p. 43

⁶⁰ Samuel George, p. 45

3. More recent multilateral fora

3.1 The G20 and its work towards a modern international governance coordination

The Group of Twenty was formally created as a response to the global financial crisis, showing that to coordinate economic policies it requires the involvement of a broader group than the G7 members. Mexico's pesos crisis, the Asian financial crisis in 1997, followed by the Russian one in 1998 led the participants of the G7 Summit in Cologne in 1999 to obtain an inaugural G20 Meeting of finance Ministers in Berlin on 15-16 December 1999. The crucial focus on financial issues of the G20 is confirmed by the involvement of institutions like the International Monetary Fund (IMF), the World Bank and the Bretton Woods system.

The regular meetings of the finance ministers of the leading industrial and emerging economies were supposed to create consensus on necessary economic and fiscal measures. In response to the financial and sovereign debt crisis of 2008-2009, which corresponded to the worst economic downturn since the Great Recession and has brought about a transformation in international governance, "signaling a break with the established system of institutions for managing world affairs"⁶¹, the G20 format has been institutionalized and was raised at the level of Heads of State and Government. Since its first convening, G20 has had a stable membership, consisting of nineteen sovereign States (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States) and the European Union as full members. In addition, Spain is a permanent invitee to Summits.

Since its first edition, which was held in 2009 at Pittsburgh (USA), the G20 has taken over the role of the central informal forum for international economic cooperation. While its decisions are not legally binding, the influence of this standing cooperation body is notable and the adopted agenda of increased relevance. Since 2009, issues in the field of climate and energy policy, food security and trade have gained importance. From 2011 onwards, labor and social policies also play a protagonist role within G20 debates. Efforts are addressed on the coherence between economic, financial and labor market policies. As a result, joint meetings of the G20 Employment and Finance Ministers are taking place regularly (first in July 2013). Under its Presidency in 2016 China declared digitization as an ultimate priority area of work for the G20 agenda. As a consequence, a joint initiative was launched to develop the digital economy and collaborate in this area. Germany confirmed the relevance on cooperating on digital affairs by organizing a formal meeting of the G20 Digital Ministers in 2017, which culminated in issuing a formal declaration entitled "Shaping Digitalisation for an Interconnected World".

⁶¹ Andrew F. Cooper, Colin I. Bradford, "The G20 and the Post-Crisis Economic Order", in: GIGI G20 Papers, 3, June 2010, p. 3

The prestigious forum promoting policy alignment today represents the World's twenty leading industrialized and emerging economies, which collectively account for around 85% of the gross world product, 80% of world trade, two-thirds of the world population and approximately half of the world land area⁶² and even if the Summit formally does not have any legal or political authority, the decisions of G20 have notably shifted the direction of policy setting in the recent past.⁶³ Diverse researchers and experts have committed to analyzing the G20 set up and activities in its infant state; in 2010 the group was defined as a “systemic Summit club” with a “distinctive diplomacy of its own”, where Leaders collectively deliver, thanks to an intense and highly informal face-to-face interaction. To say it with the words of Prof. Kirton from Toronto’s Munk School of Global Affairs and Public Policy: “here all can lead, follow or combine with any others in flexible, issue-specific coalitions in pursuit of collective responsibilities and goals, integrate issues in mutually reinforcing, innovative ways, and cope with uncertainty and complexity through flexibility and a focus on the future shape of global order as a whole.”⁶⁴

With the process of overcoming the financial crisis, the G20 - in fact - had to expand its mandate, to minimize the risk of Leaders withdrawing from such a coordinated approach, as to subside without collective purpose and to avoid the stimulus spending. Harmonization always represents an added value, but also a limitation for Leaders to find own solutions for the benefit of proper citizens, especially as momentum fades. In its “transition phase”, the G20 therefore had to reinvent several times to become and remain a useful alternative to certain UN bodies (that were stuck in their renovation process) and exposed the newborn institution to diverse short- and long-term challenges. The most hostile obstacle turned out to consist in jointly setting G20 parameters for common activities. While the element unifying G7/G8 can be defined as being like-minded, the G20 had to consolidate its “leadership mantle if it shows it possesses instrumental legitimacy”, which equals to working effectively, or in other words that the collective effort leads to a better outcome.⁶⁵

As many observers have underlined, after the return to normalcy thanks to a coordinated exit strategy from the global financial crisis, diverse Leaders were attracted by sticking to the primacy of traditional powers, putting G20’s fragile shared identity with collectively representable interests temporarily on risk. But social tensions - due to the increasing income inequality and unemployment - have inspired the Group to continue their path of finding solutions to global challenges through joint actions and reactions, with the final aim to contrast the undermining of democracy and promoting an inclusive approach to

⁶² Marcin Szczepeński, Etienne Bassot, The Group of 20: Setting the global agenda, in: “European Parliamentary Research Service”, January 2015

⁶³ Mike Callaghan, Mark Thirlwell, G20: Rebutting Some Misconceptions, Lowy Institute, 2013

⁶⁴ John Kirton, “The G20 Summit as an International Negotiation Process: Shaping the Systemic Summit Club for Toronto and Seoul”, Paper for the G20 Seoul Summit: From Crisis to Co-operation, 20th of May 2010, available at: <http://www.g20.utoronto.ca/biblio/kirton-kans.pdf>

⁶⁵ Andrew F. Cooper, Colin I. Bradford, “The G20 and the Post-Crisis Economic Order”, in: GIGI G20 Papers, 3, June 2010, p. 8: “If pragmatism trumps like-mindedness as the basis for position-taking, the cooperation rather than competition is more likely to develop which will benefit the efficiency and the effectiveness of summit outcomes”.

economic growth. G20 is not a fully-fledged institution and cannot count on a dedicated secretariat; this is why there is general consensus not to unreasonably overload its agenda. What seems crucial instead, is that G20 demonstrates the importance of “international negotiation, coordination and cooperation and thus eventually pave the way for the democratization of the U.N. system”⁶⁶. With the intention to fortify modern multilateralism, the Center for International Governance Innovation in 2010 clearly expressed four key recommendations for the G20 to take stock of the transformative moment “with catalytic qualities for enhanced global institutional reform”⁶⁷:

- Solidify role through swift action;
- Promote equitable institutions;
- Avoid internal fracturing;
- Encourage non-member consultation.

Ten years after, looking back at these suggestions, one can identify efforts taken by G20 Leaders to overcome the relevant historic moments during the single Presidencies throughout the years. By checking the role of G20 against the U.N. system, one can observe that the institutional landscape has been changing, leaving space for common phenomena to tangibly appear. In addition to coordination challenges, we encounter hybridity, meaning that G20 and other multilateral organizations “co-engage in a given response”⁶⁸. A third scenario considers that notwithstanding the boom of multilateral institutions’ proliferation, some sensible gaps in responding to international threats and megatrends remained and were filled *ad hoc* by the G20. This situation has developed due to a variety of reasons, among them the fact that trans-national problems are often interconnected by nature and require notable amounts of funds to be tackled. An additional threat is represented by the “mounting backlash against globalization [...] mingling with widespread loss of faith in the multilateral system - with the conspicuous gap between expectations and outcomes”⁶⁹. In fact, risks as the proliferation of mandates might lead to the overshadowing of performance, to duplication and finally to a negative perception of the multilateral decision-making process, culminating in underinvestment.

By further investigating fissures and fractures, one can see an important change when the BRICS grouping appeared. Brazil, Russia, India, China and South Africa joined forces and launched its first Summit in 2010 to create and fortify an additional multilateral body, being countries that at the time of its establishment were all deemed to be at a similar stage of newly advanced economic development. A separate chapter of this research is dedicated to the BRICS and its influence on the global governance *tableau*.

⁶⁶ Nurullah Gür, G20: Success or Failure?, Daily Sabah/OP-ED, 16th of November 2015

⁶⁷ Andrew F. Cooper, Colin I. Bradford, “The G20 and the Post-Crisis Economic Order”, in: GIGI G20 Papers, 3, June 2010, p. 13

⁶⁸ Bruce Jones, Making Multilateralism Work: How the G-20 Can Help the United Nations, The Stanley Foundation Policy Analysis Brief, 2010, p. 4

⁶⁹ Bruce Jones, p. 4

Another aspect has to be mentioned in this regard: in addition to the USA and Europe, China's role as the third big player has crystalized more and more. The People's Republic in fact has become "more forthright in its own aspirations for shaping the global economic order, most obviously through its Belt and Road Initiative (BRI)"⁷⁰.

A separate chapter of this research is dedicated to the BRICS and its influence on the global governance *tableau* and also to the Road and Belt Initiative, focusing on its main pillars of activity and impact. As a dominant member of BRICS, China has rather openly affirmed its growth aspiration, also due to the fact that BRICS's cohesion and relevance is severely challenged by the weak economic performances of Russia, Brazil and South Africa. Furthermore, the cooperation vs. competition mode with India (currently the world's third largest economies in real terms) has influenced recent G20 debate, especially if considering China's overwhelming trade surplus with India and their relative roles in "conquering" the African continent. All these reasons confirm the usefulness of the G20 format, even if its effectiveness as the leading forum for guiding the global economy continues to arouse question marks.

While countries who traditionally and prominently were in favor of the multilateral negotiation process now seem utterly sceptic towards the gatherings, China surprisingly strongly pledges the positive impact of multilateral efforts through the words of President Xi in 2018: "we G20 members should work together to surmount whatever difficulty that lies ahead"⁷¹, notwithstanding the protectionist wave that had developed into a sensible growth decline in several countries, Xi in the same occasion advocated for "a free, open, inclusive and orderly international economic environment", building on his statement of the previous year on building "toward a global community with a shared future"⁷².

What remains an undisputed added value of the yearly G20 Summits, is the opportunity to arrange prominent bilateral meetings as for example the meetings of Xi and Trump or Putin with other Leaders to mention just a few. The Osaka Summit in that regard provided indeed the "stage for a global audience", including for geographically adjacent get-togethers (as for example the meeting between Trump and North Korea's dictator Kim). For experts of global policy coordination, the G20 format will definitely continue to play a crucial role, as today it represents the place where multilateral negotiation practices show their efficiency or admit proper failure. On those lines one might quote the Secretary-General of the United Nations, Antonio Guterres, summarizing the situation in 2019 as follows: "the G20 meeting takes place in a moment of high tension, high political tension. We have global warming, but we have

⁷⁰ Suman Bery, The G20 turns ten: what's past is prologue, Policy Contribution Issue, 20, 2018

⁷¹ Xinhua, Quotable quotes of Xi at previous G20 Meetings, China Daily, 27th of June 2019, p. 2, available at: <http://www.chinadaily.com.cn/a/201906/27/WS5d1487dca3103dbf1432aa85.htmlp>

⁷² Li Xia, Economic Watch: Health China-U.S. ties conducive to world economy, Xinhuanet, 2nd of December 2014, p. 2, available at: http://www.xinhuanet.com/english/2018-12/02/c_137646183.htm

also global political warming.”⁷³ Anyhow the dilemma persists regarding the question if there is or there could ever be a more valuable alternative.

⁷³ ASEAN Plus News, Top quotes from the G20, The Star, 29th of June 2019, p. 1, available at: <https://www.thestar.com.my/news/regional/2019/06/29/top-quotes-from-the-g20#H1OPCPQAXKwr2GS2.99>

3.2 The BRICS and the irreversible transition to multipolarity

It relates back to 2001, when Goldman Sachs' Global Investment Research Division published a report that coined the acronym for the four rapidly growing emerging markets (Brazil, Russia, India and China), presuming their role as key drivers for global economic growth. In "Building Better Global Economic BRICs", author Jim O'Neill launched the term, which was immediately cemented in the investment vernacular. In his economic modeling exercise to forecast global economic trends over the next half-century, he prospected that within the next decade the weight of these "big four" on global GDP would increase steadily and finally culminate in a potentially widespread impact on fiscal and monetary policies. By highlighting the shift in global economic power dynamics, O'Neill argued, "G7 should be adjusted to incorporate BRIC representatives"⁷⁴. In fact, over the last two decades an "intensive process of redistribution of production across the world"⁷⁵ has come off, showing the shifting role among developed and developing countries, the last representing the major engine of global growth.

One factor that has particularly benefitted the economies of the recently emerged powerhouses is the development and exponential expansion of the ICT sector and of other related segments of the knowledge-driven economy (as for example the entertainment and media markets). Large corporations started to open next to production hubs also facilities to incentivize research and development and domestic enterprises, prone to conquering the huge internal markets, appeared.

When performing a SWOT analysis of BRICS, it is necessary to shine a research spotlight on their two particular conditions, as they represent "both the fastest growing and largest emerging markets economies"⁷⁶. By evaluating their strengths, it is meaningful to showcase how the world moved towards a multipolar economic and political order, especially when following the forecasts depicting China as biggest economy in the world sometimes between 2030 and 2050. While today's major issues and concerns for BRICS can be summarized with trade and investment, infrastructure and industrial development, food safety, research and development, cultural exchange and tourism, it is reasonable to also focus on BRICS's role when moving towards making the global economic system more robust.

South Africa joined the group and its formal meetings of heads of States and government two years after its official launch in 2009. The "motor of Africa", as the country is often called, completed the club of countries, engaged in discussing on how to find similarities among each other and enhance proper collaboration potential. While growth rates during the course of time did not become a joint denominator (China and India have shown different growth rates from the others), what crystallized was BRICS belief

⁷⁴ Goldman Sachs, With GS Research Report, "BRICS" are born, Portal of Goldman Sachs, available at: <https://www.goldmansachs.com/our-firm/history/moments/2001-brics.html>

⁷⁵ Giuditta De Prato (and others), ASIA in the Global ICT Innovation Network: Dancing with the Tigers, Chandos Asian Studies Series, 2013, p. 1

⁷⁶ Civil Service India, Why the BRICS are important, available at: <https://www.civilserviceindia.com/subject/Essay/describe-the-relevance-of-BRICS-and%20-its-future2.html>

to strive for establishing a “fairest international governance”⁷⁷, among other through the reform on the International Monetary Fund quota system,⁷⁸ as postulated since 2006 informally. But before discussing these issues in detail, it appears useful to get an essence of what BRICS currently represent: the official BRICS portal claims that as of today the group stands for:

- ❖ about 42% of the population;
- ❖ 23% of global GDP;
- ❖ 30% of the territory and
- ❖ 18% of the global trade.⁷⁹

Within the first decade of regular summit activities, the BRICS group has focused on the development of multiple-sector cooperation, embracing science and technology, trade promotion, energy, health, education, innovation and fight against transnational crime.⁸⁰ This requires steady “efforts to improve the practical impact of our multifaceted interaction on the prosperity of our States and peoples”⁸¹, as the Russian Minister of Foreign Affairs Lavrov stated in occasion of the 11th BRICS Summit in Brasilia. There is one element that deserves further attention in relation to the above: the impact of the global financial crisis, that brought the US, Europe and others on their knees, while BRICS recovered remarkably well. One reason relied in the fact that “BRIC have large trade surpluses and foreign exchange reserves that make them more resilient to the crisis”⁸², which have been leveraged to boost the demand of a growing (internal) consumer market. This contributed to removing the danger of inflation, allowing BRICS Governments to ease interest rates and thus fueling further growth. Thanks to this domestic-demand-driven growth model⁸³, BRICS countries could affirm their position as the main engines for the pace of the international economy.

This chapter aims at introducing a multilateral collaboration model, based on South-South cooperation⁸⁴, in the throes of overcoming proper challenges related to significant heterogeneity, marked by differences on values, economics, political structures and geopolitical interests and the connected lack of cohesive identity of the countries it represents.⁸⁵ In a following chapter, a case study on the New Development Bank, launched by BRICS, will try to shed light on the cooperation model towards financing infrastructure development, while contemporaneously stimulating economic growth with a green footprint for all BRICS countries.

⁷⁷ Quoted from the official BRICS 2019 portal (BRICS Brasil), available at: <http://brics2019.itamaraty.gov.br/en/about-brics/what-is-brics>

⁷⁸ Abhrajit Gangopadhyay, Anant Vijay Kala, Brics Want World Bank, IMF Reforms, The Wall Street Journal, 29th of March 2021

⁷⁹ BRICS 2019 portal

⁸⁰ Ibidem

⁸¹ Sergey Lavrov, “BRICS a strategic partnership for global stability, shared security and innovative growth”, in: IOL, 13th of November 2019

⁸² Euromonitor international, BRIC Economies withstand global financial crisis, 7th of November 2008, available at: <https://blog.euromonitor.com/bric-economies-withstand-global-financial-crisis/>

⁸³ Jessé Souza (and others), Towards a long-term strategy for BRICS, BRICS Think Tanks Council, 2015

⁸⁴ UN DESA, What is South-South Cooperation and why does it matter, UN Portal, 20th of March 2019

⁸⁵ Suresh Sing and Memory Dube, BRICS and the World Order: A Beginner’s Guide, Economic Growth eJournal, 2014

On the question if the BRICS process has led until today to real and authentic cooperation and coordination, where the group is able to agree on “target-driven and time-bound deliverables, accompanied by appropriate measures and mechanisms”⁸⁶, opinions are divided, and it remains somehow an enigmatic task to foresee the way forward. What can certainly be stated is that BRICS, as a platform, have highlighted the prominence of a multi-polar world, accounting collectively for the largest market, which has experienced a triplication of its cumulative GDP over the last decade and holding today 40% of gold and hard currency reserves in their hands.⁸⁷ Optimists evaluate the Brasilia Summit Declaration⁸⁸ with its 18 paragraphs dedicated to BRICS’s commitment on “strengthening and reforming the multilateral system” as a clear avowal, while pessimists remain sceptic, considering also China’s recently less proactive approach. In conclusion of these brief introductory remarks on BRICS, it appears worth quoting Lord Palmerston: “We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow”⁸⁹. If and how BRICS Leaders are creating their future common policy sphere will remain of paramount importance for the development panorama of the Western allies, who might have to counterbalance their actions or adapt themselves to an always more rapidly changing global environment.

⁸⁶ Suresh Sing and Memory Dube, p. 45

⁸⁷ Niroshika Liyana Muhandiram, Future of BRICS: BRAXIT or ‘Power Next’?, Modern Diplomacy, 12th of March 2019

⁸⁸ Brasilia Declaration, 11th BRICS Summit, signed on the 14th of November, available at: <http://www.itamaraty.gov.br/en/press-releases/21084-11th-brics-summit-brasilia-declaration>

⁸⁹ Susan Ratcliffe (ed.), Oxford Essential Quotations, Oxford University Press, 2016, available at: <https://www.oxfordreference.com/view/10.1093/acref/9780191826719.001.0001/q-oro-ed4-00008130>

3.3 The Belt and Road Initiative: Cooperation Programme or Trojan Horse?

Another forum gaining importance in the multilateral governance debate is represented by the Belt and Road Initiative (BRI - 一带一路). Its name has been coined by China's President Xi Jinping in 2003, drawing its inspiration from the concept of the Silk Road, an ancient network of trade routes connecting China with the Mediterranean via Eurasia for several centuries.⁹⁰ The clear and unequivocal reference to the Silk Road established during the Han Dynasty (about 2.000 years ago) reflects China's broad ambition to set a sign as global player and connect Asia with Africa and Europe via land and maritime networks. This is reflected also in the wide-spread contemporary narrative, alleging that in the twenty-first century China is looking for a path that brings back previous glory and a dominant position in Asia and in the world.⁹¹ To reach its purpose of forging stronger links with neighbors and trading partners in general, the project relies on a liaison along six infrastructure and industrial corridors with the aim of improving regional integration, increasing trade and stimulating economic growth.

Considering the People's Republic's massive involvement in trade and investment, the initiative comprises a "Silk Road Economic Belt – a trans-continental passage that links China with south east Asia, south Asia, Central Asia, Russia and Europe by land – and a 21st century Maritime Silk Road, a sea route connecting China's coastal regions with south east and south Asia, the South Pacific, the Middle East and Eastern Africa, all the way to Europe"⁹². *One Belt One Road* (as the project was referred to in a previous phase) consequently points at large-scale infrastructure development, including ports, roads, railways and airports, as well as power plants and telecommunications networks.⁹³ The fact that China is heavily investing with the financing of railways, ports and power lines in underdeveloped parts of Asia, for author Tom Miller shows the aim "to draw China's neighbors ever tighter into Beijing's economic embrace"⁹⁴ to finally become the world's largest economy and realize the Asian realm through building an Empire along the new Silk Road.

According to the European Bank for Reconstruction and Development, there are five main objectives characterizing BRI, which have been defined by the Chinese President. In fact the initiative is supposed to add value to:

- ❖ Policy coordination;
- ❖ Facilities connectivity;
- ❖ Unimpeded trade;
- ❖ Financial integration;

⁹⁰ Joshua J. Mark, Silk Road, World History Encyclopedia, 1st of May 2018

⁹¹ Poonam Surie, Book Review: China's Asian Dream, Empire Building Along the New Silk Road by Tom Miller, in: China Report, 25th of January 2018

⁹² European Bank for Reconstruction, Belt and Road Initiative (BRI), available at: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>

⁹³ Institute for Strategic Studies, National Defense University Blue Paper "International Strategic Relations and China's National Security: World at the Crossroads", 2, Singapore, 2017, p. 316

⁹⁴ Tom Miller, China's Asian Dream, Empire Building Along the New Silk Road, London, 2017, p. 12

❖ And People-to-People-Bonds.⁹⁵

As of today, the project has ambitiously addressed the significant infrastructure gap in diverse areas of the world, involving 70 countries from Asia, Africa, North and South America, Europe (including Russia) and its geographical expansion is continuously increasing. Some experts estimate related investments as a “trillion-dollar-scope”⁹⁶, other reports have affirmed that China’s transcontinental development projects have already touched the 900-million-dollar hurdle.⁹⁷

An impressive project example is represented by the transformation of the Hambantota Port in Sri Lanka: in 2017 the Sri Lanka Ports Authority finalized its negotiation with China Merchant Port Holdings, injecting the amount of 1.1 billion dollars into the loss-operating infrastructure for an 85% stake and a 99-years long lease in return. These heavy investments have transformed the port by sensibly improving profitability thanks to the creation of an industrial zone, that could easily benefit from the port’s strategic location. Another crucial factor to enhance competitiveness of the port area is linked to the connectivity aspect: thanks to China Merchant Port Holdings’ widespread network of ports around the world, Sri Lanka is supposed to significantly climb up in the ranking, expand its external linkages and improve – thanks to both direct-shipping and transshipments – its global coverage. Finally, the Hambantota Port could benefit from considerable knowledge and technology transfer measures, based on a number of service agreements with renown international players, which ultimately resulted in an efficient and substantial cost reduction.⁹⁸ Being embedded into BRI might put Sri Lanka in the position to take over the role of a regional hub in the Indian Ocean and foster proper competitiveness and growth prospects on a global scale. Thanks to the diversification of port-related activities, an attractive environment for industrial and commercial activities could flourish and a robust domestic policy framework is now carefully put in place and continuously monitored to benefit political stability and avoid any discouraging of further investments.⁹⁹

While observers confirm the evident opportunity for Sri Lanka to leverage BRI in order to get closer to its hub ambition, other knowledge owners are suspicious and sense China’s ambition of using domestic policy with geostrategic consequences rather than a foreign policy.¹⁰⁰ The remarkable infrastructure network, which includes the Silk Road Economic Belt, the 21st Century Maritime Silk Road, the Ice Silk Road and last but certainly not least the Super Grid, a project that aims at developing six ultra-high voltage electricity grids (across China, north-east Asia, Southeast Asia, south Asia, central Asia and west

⁹⁵ Deloitte Insights, Embracing the BRI ecosystem in 2018: navigating pitfalls and seizing opportunities, Deloitte, 12th of February 2018, Figure 1

⁹⁶ Josh Stephens, China’s Belt and Road Initiative is tying the world together – but what’s the end game, The Architect’s Newspaper, 19th of November 2019, p. 2

⁹⁷ Deloitte Insights, p. 1

⁹⁸ Pabasara Kannangara, Sri Lanka’s Port Development and the role of BRI, KLI, 12th of June 2019, available at: <https://www.lki.lk/blog/sri-lankas-port-development-and-the-role-of-bri/>

⁹⁹ Prema-chandra Athukorala (and others), The Sri Lankan Economy: Charting a new course, Asian Development Bank Publishing, 2017

¹⁰⁰ Tom Hancock, “China encircles the world with One Belt, One Road strategy,” in: Financial Times, 4th of May 2017

Asia thanks to wind power resources of central Asia¹⁰¹) will certainly enhance bilateral and finally also global trade, but opens a broad risk scenario luring countries to tap into a debt trap and find themselves dependent on Chinese banks, who undisputedly benefit from loan payments and above average contracts. Without any doubt, BRI is in the position to reduce transportation times on many corridors – according to World Bank estimations up to 12%.¹⁰² Other figures relate to an expansion of trade (between 2.7-9.7%), which equals to an incremental increase up to 3.4%, lifting 7.6 million people from extreme poverty.¹⁰³

As a matter of fact, China managed to systematically profile itself all around the world and advance on its powerful proposition to spur global growth. Top five projects on energy (electricity, hydrogen and oil) have been realized in Malaysia, Brazil, Brunei and Ecuador, while the transport sector (especially railway) plays a crucial role in African countries, particularly in Nigeria.¹⁰⁴ For many observers BRI somehow recalls memories of other powerful geopolitical initiatives, among them the Marshall Plan, through which the USA after World War II revived, but finally also took advantage of Europe's recovering economy. What stands out as a sore thumb and is definitely striking is the financial volume of BRI: the Marshall Plan corresponded to a dwindling 13 billion dollars' investment (around 100 billion dollars of today), while BRI has a trillion-dollar scope – equaling to a gigantic one-of-its-kind initiative without comparison. This induces a number of critics to refer to the impressive new cities and districts that have been built through China's huge infrastructure investments as a “strategy to create vassal states through debt-trap diplomacy”¹⁰⁵. Author Tom Miller goes even further in his book, considering China's efforts on the BRI as *Empire building along the new silk road*¹⁰⁶, being the economic diplomacy China is putting in place to engage with its neighbors strongly backed with military might and commercial sanctions.¹⁰⁷ China by moving its muscles is interested to protect its core interests, which sometimes require interfering in the affairs of other countries.

A crucial debate rotates around the financial capacity for implementing BRI. Expert considerations reveal that China seems well-endorsed, “after undertaking reforms and institution-building over the past three years in public financial management, [and is] better able to manage the risks today”¹⁰⁸. In fact, the Government has strengthened its efforts to manage the program in a balanced manner, underlining its role as a catalyst of change while exploiting new multilaterally recognized financial institutions, as for

¹⁰¹ Junko Movellan, The Asia Super Grid – four countries join together to maximize renewable energy, Renewable Energy World, 18th of October 2016

¹⁰² World Bank Group, Frequently Asked Questions: Belt and Road Initiative, available at: <http://pubdocs.worldbank.org/en/664251560539547566/BRI-FAQ.pdf>

¹⁰³ Josh Stephens, p. 2

¹⁰⁴ Deloitte Insights, p. 6

¹⁰⁵ European Chamber of Commerce, The Road Less Travelled: European Involvement in China's Road and Belt Initiative, European Chamber Platform, 16th of January 2020, p. 2

¹⁰⁶ Tom Miller, China's Asian Dream, Empire Building Along the New Silk Road, London, 2017

¹⁰⁷ Poonam Surie, Book Review: China's Asian Dream, Empire Building Along the New Silk Road by Tom Miller, in: China Report, 25th of January 2018

¹⁰⁸ Christine Wong, Bold Strategy or Irrational Exuberance: Can China's Fiscal Foundation Support the Belt and Road Initiative?, Stanford, 2018, p. 12

example the Asian Infrastructure Investment Bank (AIIB)¹⁰⁹, the Shanghai Cooperation Organisation (SCO)¹¹⁰ or the ASEAN Plus Three (APT)¹¹¹, where the USA is less influential than other players, considering power balances and regional influences. In the eyes of experts, China's intention seems to be a constant promotion of its regionally anchored agenda, "not rejecting the current global architecture, but rather seek[ing] to supplement and reshape it using multilateral organisations"¹¹².

How to deal in the future with BRI and its extended impact and outreach? This pivotal question is overshadowing the positive impact on global GDP growth driven by Chinese investments on infrastructure. The Atlantic Council in its strategy paper *Silk Road 2.0* published in 2017 comes to a certainly unambiguous conclusion: "better in than out"¹¹³. A similar reflection is the result of the recent analysis of the European Chamber, taking all key factors of involvement of European businesses in BRI projects into account. The procedures definitely reveal a lack of transparency and of fair procurement mechanisms, enabling Chinese state-owned enterprises to cover a predominant role in emerging markets. This appears to be especially true with regard to the ICT sector, considering the production and diffusion of digital goods and services (including cloud computing, 5G or blockchain), where China is setting proper standards which consequently hinder European (and American) providers to compete through the offering of alternatives and often even to access BRI partner markets on principle. As *The Road Less Travelled* points out: "customers then have the choice between a Chinese digital product that can operate globally, or a European one that can operate everywhere except in China, home to a fifth of the world's customers"¹¹⁴. The result of a trend analysis on taking such a choice seems rather easily predictable.

Furthermore, during a dedicated panel discussion at the World Economic Forum on the Middle East and North Africa, held on 6-7 April 2019 in Jordan, international speakers warned about the fact that risks are currently only on recipients of infrastructure projects, while local employment does not seem to benefit from the extensive investments (based on debt financing). Experts therefore suggest encouraging joint ventures at managerial, financial and commercial level with clear rules to also mitigate the risk of corruption. The projects should also become more reflective and responsive to the requests of recipients and more ecologically sustainable (considering the imperative towards a green transition). The fact that BRI is part of Xi's political agenda with a clear top-down approach often gives the perception of indifference for the concerns of civil society and this adds breath to the debt-trap diplomacy narrative.¹¹⁵

¹⁰⁹ The Asian Infrastructure Investment Bank has been created in late 2015 and represents a "multilateral development bank with a mission to improve social and economic outcomes in Asia". Headquartered in Beijing, AIIB started its operations in January 2016 and counts on the support of 102 approved members worldwide. Their mission references: "by investing in sustainable infrastructure and other productive sectors in Asia and beyond, we will better connect people, services and markets that over time will impact the lives of billions and build a better future.", see www.aiib.org

¹¹⁰ The Shanghai Cooperation Organization includes Russia, China, Kazakhstan, Kyrgyz Republic and Tajikistan and was preceded by the "Shanghai Five Mechanism". More information is available at: http://eng.sectsco.org/about_sco/

¹¹¹ Find an official overview on ASEAN Plus Three at https://asean.org/storage/2016/01/Overview-of-APT-Cooperation-Jul-2019_For-Web_Rev.pdf

¹¹² Poonam Surie, p.148

¹¹³ Gal Luft, *Silk Road 2.0: US Strategy towards China's Road and Belt Initiative*, Atlantic Council Strategy Paper, 11, October 2017, p. 52

¹¹⁴ European Chamber of Commerce, p. 3

¹¹⁵ The full interview and debate is available at: <https://www.weforum.org/events/world-economic-forum-on-the-middle-east-and-north-africa/sessions/outlook-on-the-belt-and-road-initiative>

Similar to WEF's experts also the European Union Chamber of Commerce in China is postulating actions towards a clear incentivizing of positive reciprocity, as for example through the institution of a pragmatic mechanism to match China's degree of market closedness in the digital sector with similar restrictions for Europe. There is consensus within the international community of experts that BRI is not a global plan for development, based on an aid program, but rather a commercial strategy to advance in becoming the world's strongest economic powerhouse. An engine of pride, which consolidates national identities in the path of tightening neighbors' and partners' economic embrace with Beijing.¹¹⁶

To cut a long story short: roles reversed. It is now China to knock on the West's door, compelling Europe and the USA to reckon with this new scenario. It might be worth to find a multilateral response to BRI concerning future expansion of projects. History has answered similar situations with a rather simple reply following the old maxim "*ubi maior minor cessat*", or – as Gal Luft points out in his final conclusions to the *US Strategy towards China's Road and Belt Initiative* "if you can't beat it, join it".¹¹⁷

¹¹⁶ Poonam Surie, p. 151

¹¹⁷ Gal Luft, p. 53

4. Innovative models of multilateral cooperation for global governance

4.1 Based on specific pillars (for example innovation, competitiveness and productivity of enterprises, climate change etc.)

Global governance models can significantly vary in their scope, level of detail and outreach. As partially stated already in the previous chapter, the G20 has emerged and affirmed its relevance when tackling specific issues, starting at its origin from the financial sector, but today dealing with a nearly all-encompassing width of thematic areas. This chapter intends to analyze the course of the debate within a specific sector of rapidly growing relevance: the digital economy. Furthermore, an excursus on artificial intelligence and the efforts to elaborate and agree on a common understanding of certain aspects to safeguard the human-centric approach will follow. Undoubtedly, emerging technologies offer a wide range of opportunities to unleash innovation, boost productivity at firms for the benefit of enhancing the level of competitiveness of nations and economies as such, but they also bear risks and there is a pressing need to convene on a level playing field. While often discussions start at the OECD, there have been examples of “spillover effects” towards other international fora, involving a broader audience and membership than the OECD encloses (as it happened for example with the Principles on AI). Last but not least, this chapter also looks at bottom-up initiatives that have inspired and continue to actively involve the community. Indeed, the third case study is dedicated to the *Fridays For Future* movement, as it represents a prominent example on how young people from all over the world succeeded to let their engagement and protest become a central phenomenon in society in order to express preoccupation and to insistently demand for more accountability on the part of politicians towards generations to come.

4.1.1 Case Study I: G20 – Digital Economy

The Hangzhou Summit in 2016

To make the most of multilateral cooperation, G20 decided to launch thematic working groups to further enrich discussions against the backdrop of specific expertise from member countries. An interesting case study in this regard offers the history of cooperation on G20 level with regard to the digital transformation of our society, that has affected our daily life and has a huge influence on the organization of today’s policy making. The priorities that are strictly linked to the high-on-the-agenda-topics include innovation and inclusion to achieve sustainable growth and let all people have access to the benefits of the globalization.

The G20 – in its intend to be an agile body, able to timely respond to the needs of its represented citizens, since the 2016 Presidency held by China, formally delivered the **G20 Digital Economy Development**

and Cooperation Initiative, which framed the emerging discussions on the global economy in a digitalized world. This initiative had the scope to “collectively leverage digital opportunities, cope with challenges, and promote the digital economy to drive inclusive economic growth and development”¹¹⁸. Based on a reference of the G20 efforts under Turkish leadership regarding the “age of internet economy”¹¹⁹, China within the Hangzhou Summit (September 4-5, 2016), invited their counterparts to convene on a number of relevant common principles, aiming at guiding Leaders’ decision making process. Those principles referred to seven main areas:

- ❖ **Innovation**, as - especially in ICT-driven economic activities – it represents the driving force for inclusive growth;
- ❖ **Partnership**, including an open approach to the sharing of good practices and the expressly mentioned multi-stakeholder process;
- ❖ **Synergy**, necessary to ensure consistency and make sure discussions can be fruitful and not a duplication of what has already been tackled elsewhere;
- ❖ **Flexibility**, as G20 members approached and continue to approach the digital transformation in different ways, based on their specific national agendas;
- ❖ **Inclusion**, a fundamental principle requiring the bridging the various digital divides. Also entrepreneurship is mentioned in this regard. The promotion of the digital economy should therefore ensure that “no one is left behind, regardless of their gender, region, age, disability or economic status”¹²⁰;
- ❖ **Open and enabling business environment**, a principle that underlines the vital role of the private sector; another crucial reference in this chapter refers to the recognition of the added value of competition and consumer protection in the digital era;
- ❖ **Flow of Information for Economic Growth, Trust and Security**, a key element for development: while the free flow of information, ideas and knowledge across borders is beneficial, applicable frameworks for privacy, personal data protection and intellectual property rights have to be respected, as they represent the basis of confidence and trust of the citizens.

By considering the backdrop of 2016’s governance landscape, it is remarkable, that the global community, represented by the G20 Leaders, managed to rather smoothly commit to these principles, which at their heart are still valid as such even today. Within the effort of promoting the G20 Digital Economy Development and Cooperation Initiative, Leaders convened to launch the Digital Economy Task Force,

¹¹⁸ G20 Digital Economy Development and Cooperation Initiative, first chapter, first paragraph, p. 1, available at: <http://www.g20.utoronto.ca/2016/g20-digital-economy-development-and-cooperation.pdf>

¹¹⁹ G20 Leaders’ Communiqué, Antalya Summit, 15-16th of November 2015, paragraph 26

¹²⁰ G20 Digital Economy Development and Cooperation Initiative, second chapter, p. 3

identifying priorities for cooperation potential. The suggested key areas encompass the expansion of broadband access, the promotion of investment in ICTs, entrepreneurship support, with special emphasis on micro, small and medium-sized enterprises (MSMEs) and e-commerce cooperation. Also the development and use of international standards for digital products and services have already played a role during Leaders' discussions in 2016. Finally, chapter 14 "Cultivate transparent digital economy policy-making" is worth to be mentioned, as it attributed paramount importance to the publishing of publicly available government data to the unleashing of new opportunities. By mentioning "intelligent public procurement schemes", the Chinese G20 Summit marked a milestone in setting trends for international cooperation and especially on the interpretation of multilateral schemes at the stage of time. This position gained even more strength, when having a look at the outcome documents of China's G20: within the ambitious Leaders Communiqué, figure also numerous annexes, among them the "**G20 2016 Innovation Action Plan**"¹²¹, inviting to adopt pro-innovation policies, based on common principles, that are similar to the G20 Development Initiative and reflect their spirit (namely Synergy, Cooperation, Openness, Inclusiveness and Creativity). Another output to attract attention is the "**G20 Blueprint on Innovative Growth**"¹²², referring to a coordinated approach towards innovation, the New Industrial Revolution (NIR), digital economy and related structural reform, as a key to boost productivity and strengthen growth. As listed in the document, G20 Leaders agreed on a coordinated approach on three main cross-sectoral actions: 1) Enhancing multi-dimensional partnership; 2) Supporting development countries and 3) Improving skills and human capital.

To reasonably consider the achievements of G20 in 2016, one should explore the reactions and feedbacks from experts and observers immediately after the Summit. In fact, through the Hangzhou Summit with its Communiqué, G20 seemed to assume – for the first time - the character of a "truly effective global governance institution. A new institutional vision and institutional values of "integration," "openness," and "inclusiveness" are formulated to catalyze new drivers of growth and to bring together the diverse interests in the world economy."¹²³

The Digital Economy Ministerial Meeting in 2017

Germany held the G20 Presidency in 2017 and followed China's ambitious idea on making the discussions on the digital economy part of the core issues of G20 Leaders. After giving birth to the DETF (Digital Economy Task Force), G20 country experts for the digital transformation met to collaborate and

¹²¹ G20 2016 Innovation Action Plan, available at: <http://www.g20.utoronto.ca/2016/160905-innovation.html>

¹²² G20 Blueprint on Innovative Growth, available at: <http://www.g20.utoronto.ca/2016/160905-blueprint.html>

¹²³ Feride Inan, "What Did the G20 Accomplish During China's Presidency? The Hangzhou Summit set an ambitious task: transforming the G20 to lead the world economy", in: *The Diplomat*, 9th of September 2016. "Chinese presidency had set out to explore institutional possibilities for effective governance of the world economy with the objective of stimulating growth through technological change and innovation, and making growth sustainable by seeing to it that it is environmentally friendly and truly global in scope (i.e. inclusive of developing countries as well as the developed ones)."

during a concentrated and rather lavish process, the Presidency managed to create consensus around some key principles. This effort finally culminated in a joint ministerial declaration with the title: “**Shaping Digitalization for an Interconnected World**”¹²⁴, launched during their gathering at Düsseldorf on the 7th of April. What is worth mentioning is that some key commitments of the Chinese G20 Development and Cooperation Initiative have been clearly recognized as a basis for the multilateral approach at the basis of G20 Digital Economy negotiations; those include the explicit mentioning of the “freedom of expression”¹²⁵, the “free flow of information, ideas and knowledge”¹²⁶, as well as the reaffirmation of the “multi-stakeholder approach”¹²⁷ to elaborate or adopt governance models, which are able to serve the global community.

What remains overall priority for G20 Ministers on Digital Economy relies in the link between the digital transition and the opportunities that can be unleashed to enhance inclusive growth thanks to the enormous potential of digitalization to generate prosperity and to facilitate employment creation. This often happens through the creation of new and innovative business models, that especially the micro and SME community can benefit from. Since 2017 online platforms¹²⁸ have been at the center of the debate, as a key emblem for the changing competitive dynamics, representing the emergence of the “data-sharing economy”, a sensible topic for the multilateral discourse, animating the drafting sessions up to the Sherpa level. In the three macro-chapters of the declaration, G20 Ministers reiterated their commitment on global digitalization towards a) **Harnessing the potential for inclusive growth and employment**; b) **Digitalizing production for growth** and c) **Strengthening trust in the digital world**.

While the role of innovation does not seem to be as much under the spotlight in chapter a) as compared to the Hangzhou Summit outputs, the focus is put on the challenges with regard to competitiveness and universal connectivity and on the need to develop adequate policies for digital trade, putting a special emphasis on the inclusion of MSMEs¹²⁹ – the most prominent employment creators around the globe – to make sure they can have their stake on exploring the benefits of new business models etc. In chapter b) the G20 Digital Economy Ministers faced the debate on the digitalization of production and the connected risk for employment, potentially “transforming jobs and automating tasks”¹³⁰. As an answer,

¹²⁴ Refer to the full version of the G20 Digital Economy Ministerial Declaration “Shaping Digitalization for an Interconnected World” from 2017, including annexes at: <http://www.g20.utoronto.ca/2017/g20-digital-economy-ministerial-declaration-english-version.pdf>

¹²⁵ “Shaping Digitalization for an Interconnected World”, paragraph 2, p. 1;

¹²⁶ *ivi*

¹²⁷ “Shaping Digitalization for an Interconnected World”, paragraph 3, p. 1;

¹²⁸ “Shaping Digitalization for an Interconnected World”, paragraph 14, p. 4; the scope of the sharing economy covers information technology, transportation, communication, housing, agriculture, finance and labor. The debate on pros and cons of the sharing economy had already started in 2015, since it became tangible, that the phenomenon has “its benefits and drawbacks according to the proponents and opponents of a collaborative lifestyle”. One the one hand it allows people to share assets, services and time with other people; on the other it hides risks, as it might be unequal in terms of benefit distribution and can lead to government losses. It is also considered a “hybrid economy that offers different forms of exchange, not necessarily offering financial gain but also social and environmental values” Chrystal Lombardo, “Pros and Cons of Sharing Economy”, in: Vision Launch, <http://visionlaunch.com/pros-and-cons-of-sharing-economy/>. An interesting contribution to capture the discussions on pros and cons of the sharing economy has been developed by the Ministry of Foreign Affairs of the Netherlands, which can be found here: <https://www.argumentenfabriek.nl/media/1980/argument-map-platform-economy.pdf>.

¹²⁹ “Shaping Digitalization for an Interconnected World”, paragraph 21, p. 5

¹³⁰ “Shaping Digitalization for an Interconnected World”, paragraph 22, p. 5

the declaration calls for a “co-operation of all interested parties and stakeholders”¹³¹, which also foresees the exchange of best practices among experts dealing with specific emerging technologies (as for example the Internet of Things (IoT) or smart mobility). The harmonization process concerning industrial standards, necessary to enhance security and to strengthen interoperability, which can be considered as an emblem for efficient multilateralism, is mentioned as a kind of pre-requisite and part of common ground of G20 negotiation, being “consistent with the international rules including WTO rules and principles”¹³². To conclude and highlight the importance of these discussions for G20 society as a whole, the declaration focusses on the crucial role of protecting customers. While pledging the added value of the free flow of information across borders, it is clearly marked that legal frameworks on data protection and privacy have to be respected. The same applies to intellectual property rights, whose application is considered as a fundamental pillar for citizens’ trust and confidence in the digital economy. This is further elaborated with regard to the empowerment of people to take control of their online identity, requiring as a conclusion further effort to “reinforce basic digital literacy of consumers”¹³³.

The “going forward”¹³⁴ paragraph finally paves the way for further international cooperation in the area of digitalization, including the participation of International Organizations, who – by nature – are multilateral bodies, inspiring multilateral policy dialogues. It also paves the way towards the three annexes, which are considered integral parts of the document and enjoying a similar status. Split in detailed activities and with the character of an action plan, especially Annex 1 with its title “**A Roadmap for Digitalisation: Policies for a Digital Future**”¹³⁵ is worth further attention for this research. By having a closer look at Annex 1, it becomes clear, that this document invites the G20 countries to take action and deliver on aspects that “G20 countries have identified as key areas”¹³⁶. The following eleven priorities are listed and further detailed through concrete measures to be put in place, presented as intentions to act:

- 1.) Improve world-wide access, adoption and effective use of digital technologies for all;
- 2.) Expand digital infrastructure;
- 3.) Adapting policies in an increasingly digital and information and knowledge driven global economy;
- 4.) Foster competition in the digital economy;
- 5.) Support MSMEs in reaping the benefits of digitalisation and addressing the challenges;
- 6.) Encourage continued development of the IoT and the digitalisation of production;

¹³¹ “Shaping Digitalization for an Interconnected World”, paragraph 23, p. 5

¹³² Ibidem, paragraph 24, p. 5

¹³³ Ibidem, paragraph 27, p. 6

¹³⁴ Ibidem, paragraphs 29-33 21, p. 6-7

¹³⁵ Annex 2 refers to “Digital Skills in Vocation education and training” and Annex 3 focusses on “G20 Priorities on Digital Trade”; see: <http://www.g20.utoronto.ca/2017/g20-digital-economy-ministerial-declaration-english-version.pdf>

¹³⁶ “Shaping Digitalization for an Interconnected World”, Annex paper 1, p. 10

- 7.) Enable all people to adapt to and excel in the digital economy and society;
- 8.) Strengthen trust in the digital economy;
- 9.) Promote consumer protection online;
- 10.) Measuring the digital economy;
- 11.) Bridging the Digital Gender Divide.

Without going too much into the specific items, it seems relevant to highlight, that in 2017 G20 countries managed to find an overall consensus on issues, which today are seen diverse manners with sometimes diametrically contrasting views; to mention just one example: the roadmap points out that G20 countries will “encourage the exchange of best practices to foster competition including to expand innovation, and prevent anti- competitive restrictions”¹³⁷, an expression of intend which perfectly fit into the US policy under President Barak Obama, but has sensibly changed under Donald Trump’s, who openly speaks about protectionism in the era of his “America-first” approach, “putting ideas like free trade and globalization are under attack”¹³⁸. By analyzing the single topics throughout the years, it is possible to evince the degree of the changes of behavior under the Digital Economy negotiations within the Group of Twenty, by keeping an eye specifically also on China and Russia. Another aspect that confirms the rather harmonic gathering in 2017 relies in the commitment to engage in measurement efforts, “because robust statistics are the foundation on which good, evidence-based policy advice is based”¹³⁹. Indeed, Düsseldorf has marked the kick-off for this kind of exercise, which will be taken up with care by the Argentinian Presidency in 2018. Strictly connected to this point is the added value that G20 countries attribute to the cooperation with international organizations as the OECD, IMF, ITU, the World Bank and others, considering them in a suitable position to “elaborate on frameworks for analysing key issues in digitalization”¹⁴⁰. We can evince a declining trend as we observe the recent G20 developments , which can be mostly ascribed to the skeptic and more and more negative attitude of the US to rely on multilateral principles leading to a continuous decline of concrete achievements during the negotiations of outcome documents describing a G20 common position or understanding of ongoing phenomena.

In conclusion, what has to be put under spotlight is, that during the 2017 G20 Summit at Hamburg, Leaders agreed to a joint declaration “Shaping an inter-connected world”¹⁴¹, that - in short - reiterates all main aspects G20 Digital Economy Ministers had convened upon. Within nearly one page, all priority issues discussed during the negotiation phase are briefly mentioned and adopted by turning them into a kind of common *acquis*. A prominent role is given to the Roadmap, explicitly referred to as a concrete

¹³⁷ “Shaping Digitalization for an Interconnected World”, Annex paper 1, p. 11

¹³⁸ Janelle Dumalaon, “Clouds over Hamburg: Impressions on the G20”, at Deutsche Welle, 8th of July 2017

¹³⁹ Shaping Digitalization for an Interconnected World”, Annex paper 1, p. 14

¹⁴⁰ *ivi*

¹⁴¹ G20 Leaders’ Declaration “Shaping an inter-connected world”, launched in Hamburg during the G20 Leaders’ Summit, available at: <http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.pdf>

help to “guide our future work”¹⁴². While it is difficult to assess the success of a Presidency, as it highly depends on factors such as the political situation, becoming increasingly complicated, it seems that 2017’s Leaders’ Declaration “rightly sends the message that «we can achieve more together than by acting alone».”¹⁴³ This is somehow underpinned by Dennis J. Snower, Co-Chair Think 20, when commenting the digital economy related paragraph of the declaration, representing an “important basis on which much future policymaking in the G20 countries can be built”¹⁴⁴.

The Digital Economy Ministerial Meeting in 2018

In 2018 it was the turn of Argentina to cover the G20 Presidency, who smoothly took the discussions on digital economy a further step forward by addressing diverse topics under the broader frame of “A Digital Agenda for Development”. Within an extended negotiation process – due also to the changing *scenario* on the international governance *tableau* (developments include the decision of the US Administration under President Trump to unilaterally leave the Iran Nuclear Deal, the meeting with North Korea’s Dictator Kim Jong-un, as well as the scandals the biggest social network Facebook had to deal with concerning data protection) - the Argentinian Government succeeded in its multilateral effort and a Declaration with the same title was issued at the Ministerial Meeting in Salta, on the 24th of August. Within this document, G20 countries jointly elaborate on the essential role of “a fair, predictable, transparent and competitive business environment, and inclusive growth in the digital era”¹⁴⁵ to allow advancement of the human-centric policy making process. Another priority that was introduced by the G20 Presidency in 2018 was the discussion around the digital platform economy, that through emerging technologies and new business models has given proof to have a notable impact on the market with implications on future trends for the global society.

Within eight building blocks the declaration reiterates the common understanding and joint commitment of G20 countries to remain engaged with a positive attitude towards multilateralism concerning diverse thematic areas. Highlights of the achievements include the drafting of G20 Digital Government Principles, emphasizing that “ICT plays a crucial role in modernizing and increasing efficiency and effectiveness in public administration”¹⁴⁶, as well as the focus on how to successfully bridge the digital gender divide, supported by a kind of roadmap attached in a dedicated Annex paper.¹⁴⁷ Another major attainment relates to the aspect of measuring the digital economy in a standardized and comparable

¹⁴² G20 Leaders’ Declaration “Shaping an inter-connected world”, see Chapter on “Harnessing Digitalisation”, p. 5-6,

¹⁴³ Noe van Hulst, Germany’s successful G20 Presidency, OECD Insights, 13th of July 2013, p.1

¹⁴⁴ Dennis J. Snower, “The G20 Summit was more successful than you think”, G20 Insights, 11th of July 2017, p. 3

¹⁴⁵ 2018 G20 Digital Economy Declaration “A Digital Agenda for Development”, available at: http://www.g20.utoronto.ca/2018/2018-08-24-digital_ministerial_declaration_salta.pdf

¹⁴⁶ “A Digital Agenda for Development”, p. 2-3

¹⁴⁷ Annex Paper 2 to the 2018 G20 Digital Economy Declaration: Bridging the Digital Gender Divide - Delivering Impact, available at: <http://www.g20.utoronto.ca/2018/2018-08-24-digital.html#annex2>

manner: precisely thanks to a toolkit (the “G20 Toolkit for Measuring the Digital Economy”), elaborated in close cooperation with international organizations (among them the OECD, World Bank, IMF, UNCTAD and others). It consists in a methodological approach based on a set of indicators monitoring the digital transformation and pointing out critical gaps and challenges that have to be treated at G20 level and foresees efforts to “support statistical operations and capacity building in G20 members”¹⁴⁸. This activity somehow makes it clear that the digital economy still needs to be captured, analyzed and understood by all players of the ecosystem: high-quality infrastructures have to be developed, international measurement standards for the new indicators to be improved and a harmonization process to be facilitated among G20 countries, to “bridge existing measurement gaps in key dimensions such as capturing the creation of economic value in the digital economy, measuring data flows, the interface between trade and the digital economy, skills and education”¹⁴⁹. This rather ambitious undertaking shows a certain commitment towards capacity building on G20 level and to join forces also with international organizations to explore alternative tools and data sources – a trend that still marks an important standing for a multilateral *modus operandi*. As the assessment of those indicators (carried out by the OECD thanks to the horizontal “*Going Digital*” project) is crucial to analyze the level of competitiveness of single countries within the digital era, there is a tangible need to be able to count on timely, standardized, and comparable data when discussing the impact of the advancement of the digitalization on jobs, production and society in general. This is a basic requirement for the evidence-based policy making process as it monitors the adoption of emerging technologies by businesses – especially considering MSMEs and analyses both associated risks and added value. The Salta Declaration puts particular emphasis on the involvement of small companies to grasp the benefits of digitalization by dedicating it a chapter “Entrepreneurs & MSMEs in a digital context”, strengthening its direct correlation with the “acceleration of productivity growth”¹⁵⁰, the access to new markets, the nurturing of new industries and the creation of new job opportunities. The debate on unemployment and the future of work – threatened or at least deeply influenced by machines and the automation process – ranked in fact high on the agenda, and G20 Digital Ministers together with their counterparts of the Education and Employment Working Group ventilated ideas on modalities to ensure an inclusive future of work by promoting the development of a roadmap for digital upskilling in vocational education and training.

As an important take-away, the 2018 G20 on Digital Economy convened on the launch of the “G20 Repository of Digital Policies”, a platform to support policy makers in their demanding task of designing and implementing policies and national strategies in a rather agile way, as it features flagship actions and successful programs of other G20 countries.

¹⁴⁸ “A Digital Agenda for Development”, p. 4

¹⁴⁹ *ivi*

¹⁵⁰ *Ibidem*, p. 6

This joint heredity is referenced also in the G20 Leaders' Declaration "Building consensus for fair and sustainable development", launched during the Summit in Buenos Aires on November 30th to December 1st. Even if quite succinctly, paragraph 9 of the document reiterates the fundamental pillars of the negotiation process that led to the Salta declaration, namely the reaffirmation of the support for the free flow of information, ideas and knowledge (in concordance with applicable legal frameworks), the relevance of consumer trust, privacy, data- and intellectual property rights protection – the core of the common understanding of how to effectively and efficiently manage the digital economy in the sake of inclusive growth and overcoming the digital divide, be it with regard to gender or with the intend to boost the adoption of emerging technologies by MSMEs. Digital infrastructure investments and the improvement of digital government, which also requires a solid measurement process of the digital transformation are also put in a prominent role. In conclusion, the Leaders' Declaration points out that further joint efforts are vital and the sharing of policies through the "G20 Repository" tool appears helpful to enrich the ongoing dialogue among Governments, applying a multi-stakeholder approach. Under the auspices of the Japanese G20 Presidency in 2019, the document acknowledges collaboration on topics related to "artificial intelligence, emerging technologies and new business platforms"¹⁵¹.

When drawing proper conclusions on the question if the G20 gatherings under the Argentinian Presidency in 2018 were a success or not, one has to first of all recall the geopolitical moment of the discussion: host country Argentina found itself in a critical if not turbulent economic period and the constant demonstrations of President Trump to turn away from multilateralism and an open market approach towards protectionism and a clear inclination towards bilateral agreements did not allow for too optimistic appraisals.

Limiting this comment to the discussions on the digital economy, Argentina managed to come up with a number of clearly defined deliverables, as the Guiding Principles on Digital Government, the Measurement Toolkit and last but not least: the G20 Repository for Digital Policies. A trend that becomes more and more apparent is that a multilateral gathering like the G20 is used as a prop for setting the scene for crucial bilateral meetings, adumbrating the real meaning of the summit praising the multilateral approach as such. In fact, more than on the negotiations with G20 partners, eyes were put on the bilateral between President Trump and President Xi, considered a "landmark meeting" in the attempt to clarify if they could "call a truce in their escalating trade war"¹⁵². Other "hot topics" were the Brexit process, as well as the deals between Russia and the United States regarding President Trumps election campaign (Mueller investigation). But beside the numerous domestic political dramas and against the backdrop of multiple overlapping international crises, it was possible to find at least some common ground in a phase

¹⁵¹ 2018 G20 Leaders' declaration "Building consensus for fair and sustainable development", available at: http://www.g20.utoronto.ca/2018/buenos_aires_leaders_declaration.pdf

¹⁵² John Kirton, Shaping Up as a Small Success at G20 Buenos Aires 2018, G20 Research Group Analysis, 1st of December 2018, p. 1

of uncertainty, where much of the “diplomatic effort, insiders said, revolved around avoiding growing taboos of major countries, particularly the United States and China”¹⁵³.

The Digital Economy Ministerial Meeting in 2019

In 2019 the G20 chair was handed over to Japan, who took this role in a very tense and critical moment, as the political moment of 2019 was marked by palpable and substantial disaccords among G20 countries with sometimes unbridgeable divides among each other, be it on climate change or trade. In a climate of “trade wars, tweets and western liberalism”¹⁵⁴, as The Guardian comments, where part of the group often did not mask proper discomforts, G20 countries gathered in Japan to continue a dialogue.

Since its launch during the Hangzhou summit, the Nippon Presidency had paid high attention to the digital economy task force and stressed this commitment repeatedly also within the G7 cooperation. In fact, the chair of the group dedicated to digitalization did not waste time and presented already at the very beginning of 2019 a concept paper showing Japan’s ambitious devotion to a multilateral and multi-stakeholder approach towards a human-centered future society, the so-called “Society 5.0”. The project of launching a meaningful final communiqué was particularly challenging, as the Ministerial Meeting on the digital economy was paired with the trade and investment Ministerial, where topics as the necessary WTO reform were on the agenda along with a series of issues related to current trade conflicts among G20 countries. Guided by the Ministers of Economy, Trade and Industry, for Internal Affairs and Communications and for Foreign Affairs, Japan pulled the strings to give new impetus to a fragmented group, to “work together toward the realization of a sustainable and innovative global society, by making full use of digital technologies, together with trade and investment, and harnessing the benefits of technological transformation and globalization”¹⁵⁵.

In addition to contextualizing the concept of a human-centered future society and by remembering the sequence of precedent G20 Digital Economy Presidency efforts, the final document, launched during the Ministerial Meeting in Tsukuba on 8-9th of June, defines the common ground to start from. It includes a reference to former declarations by recalling for example “the need to advance a fair, predictable, transparent, competitive and non-discriminatory business environment”¹⁵⁶, which introduces the Japanese vision, shared by all G20 countries, to promote the advancement towards a society based on economic growth, which is able to successfully solve societal challenges and advance efforts to achieving

¹⁵³ Peter Apps, Commentary: For G20 leaders, greater problems yet to come, Reuters, 4th of December 2018, p. 1

¹⁵⁴ Justin McCurry: Trade wars, tweets and western liberalism: G20 summit wraps up in Osaka, in: The Guardian, 29th of June 2019

¹⁵⁵ 2019 G20 Ministerial Statement of Trade and Digital Economy, paragraph 6, p. 1, available at: https://g20trade-digital.go.jp/dl/Ministerial_Statement_on_Trade_and_Digital_Economy.pdf

¹⁵⁶ Ibidem, paragraph 8, p. 2

the Sustainable Development Goals (SDGs). To this end, the convergence of the physical and the virtual world has to pay its tribute and needs to facilitate inclusion.

Five main building blocks and thematic priorities emerged during the negotiations and are part of the Ministerial Statement:

- Data Free Flow with Trust
- Human-centered Artificial Intelligence
- Governance Innovation
- Security in the Digital Economy
- SDGs and Inclusion.

The topics as such do not sound as something new, as they are affronted in a completely changed climate, characterized by protectionism, sanctions and instability and given today's clear understanding of consequences arising from data analysis (an undisputed market advantage), diverse countries – first and foremost obviously the United States of America – appear to associate “another taste” with them, as they arouse a range of reactions that do not correspond or recall former stipulations – even from a very recent past. As a result, G20 delegates engaged into a fierce debate on how to endeavor cross-border flow of data, which on the one hand empowers especially businesses to unleash innovations and conquer new markets by guaranteeing on the other hand a reasonable protection of privacy, access to personal data, intellectual property rights and security. While interoperability once was a kind of categorical imperative, in 2019 the related paragraph reads “we will cooperate to encourage the interoperability of different frameworks”¹⁵⁷, which shows that the link to “trust”, connected to the free flow of data, in relation to consumers is somehow also related to the “trust” that G20 place in each other, considering the paramount importance of data for competitiveness in a world where protectionist attitudes are the order of the day. A surmountable obstacle for a fruitful debate on Security gave cause for concern, as instead of talking about the importance of addressing security gaps in digital services provision, G20 countries seemed to focus on national security and its vulnerability, having the recent debate around Huawei and the connected positions taken by a number of governments in mind.

A prominent achievement of the Japanese Presidency is reflected in the consensus on a human-centered artificial intelligence, obliging G20 countries to jointly adopt a responsible development and use of emerging technologies, by recognizing both their huge potential to be a driving force to realize a sustainable and inclusive society and their role of representing societal challenges, “including the transitions in the labor market, privacy, security, ethical issues, new digital divides and the need for AI capacity building”¹⁵⁸. G20 commitment is underpinned by the **recognition of the G20 AI Principles**

¹⁵⁷ 2019 G20 Ministerial Statement of Trade and Digital Economy, paragraph 16, p. 3

¹⁵⁸ Ibidem, paragraph 19, p. 3

for the responsible stewardship of trustworthy AI¹⁵⁹, which are closely based on the OECD Principles on Artificial Intelligence¹⁶⁰ and compel to “human-centered values and fairness”, as well as to “transparency and explainability” and ultimately “accountability”¹⁶¹. Anyhow, the level of cooperation and the results to be achieved are rather down-to-earth, moderate, and not as aspiring as expected, simply praising the “endeavor to work together with appropriate fora in areas such as research and development, policy development and information sharing through the G20 Repository of Digital Policies and other open and collaborative efforts”¹⁶².

Furthermore, a good practice exchange is referenced within the Governance Innovation chapter, inviting Governments to take advantage of emerging technologies for the sake of capitalizing their potential and supporting the unleashing of innovations. Through so-called regulatory sandboxes, policy makers can experience innovative, agile and holistic approaches to address new phenomena, in order to accelerate inclusive development. Last but not least, this reference serves the purpose of resurfacing the G20 sharing platform, developed under the Argentinian Presidency, which so far has not been fully exploited.

No severe difficulty was encountered when reaffirming the intend to tackle the digital divide and Digital Economy Ministers consensually committed to the improvement of digital infrastructures, the promotion of digital literacy, the bridging of the digital gender divide, the inclusion of MSMEs and Entrepreneurs, as well as of persons with disabilities, the digital transformation of industries and the encouraging of networking among smart cities (on a voluntary basis).

Tsukuba has turned out to be a rather difficult undertaking, considering the historical moment and the embittered bilateral relations between the USA and other big players as China or Russia; but still scored moderately high on its multilateral attitude, with the only sour note that G20 countries were not able to agree to a final declaration, but convened on adopting a less high-ranking and powerful format: a Ministerial Statement.

With such an indication, the Leaders’ Summit in Osaka (28th to 29th of June), held less than three weeks after the Tsukuba Ministerial, was in the limelight and the public eye attracted by the overall gathering, despite the desolate status of recent multilateral relationships. While the messages leaking out during the negotiation process did not allow for extraordinarily positive expectations, Leaders at the end agreed on a final document, the G20 Osaka Leaders’ Declaration¹⁶³, which focused as much as possible on the (few) issues of G20 consensus, finding the least common denominator on macro-topics related to the global

¹⁵⁹ Annex 1 to the 2019 G20 Ministerial Statement of Trade and Digital Economy, G20 AI Principles, p. 11

¹⁶⁰ OECD Legal Instruments, Recommendation of the Council on Artificial Intelligence (0449), adopted on the 22nd of May 2019, available at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449>

¹⁶¹ 2019 G20 Ministerial Statement of Trade and Digital Economy, paragraph 19, p. 4,

¹⁶² Ibidem, paragraph 20, p. 4

¹⁶³ G20 Osaka Leaders’ Declaration, 2019, available at: https://g20.org/en/documents/final_g20_osaka_leaders_declaration.html

economy and tackling economic growth, global finance, anti-corruption and dealing with addressing inequalities, sustainability and inclusiveness.

The chapter dedicated to the digital economy is placed under the umbrella of “Fostering robust global economic growth”¹⁶⁴ and placed under the aegis of the broader concept of “innovation”. Three paragraphs (10-12) reiterate the common positions taken during the Tsukuba Ministerial, referring to all key priorities to reconfirm overall acceptance and commitment towards the human-centered future society. Surprisingly enough there was no limitation from the US, China or Russia on the broadly debated cross-border flow of data, information and ideas, which is claimed necessary to be “free” and “with trust”. Also the reference to the “responsible development and use of Artificial Intelligence” is present, with a quote to the “non-binding G20 AI Principles”¹⁶⁵, in the sake of helping advance the SDSs and paving the way towards a sustainable and inclusive society. This – given the rather low expectations and the adverse climate between some major players – has to be considered a success, even if there are no direct consequences or arising obligations G20 Leaders have committed to.

In addition to the diverse bilateral meetings, that have been facilitated thanks to the multilateral gathering at Osaka, on a side note, it is worth turning the attention to the attitude and actions taken by the European Union. President Donald Tusk engaged in championing rules-based trade and multilateralism in general before the Summit in times of “escalated trade and geopolitical tensions”¹⁶⁶ by pandering to Leaders’ common sense: “The global stage cannot become an arena where the stronger will dictate their conditions to the weaker, where egoism will dominate over solidarity, and where nationalistic emotions will dominate over common sense. We should understand that we have a responsibility not only for our own interests, but above all, for peace and a safe, fair world order.”¹⁶⁷ Given the current perception of the European Union in some Member States, considering it a wavering, teetering something, that not necessarily needs to be preserved, this statement somehow equals to a clear confession to multilateralism with the intend to show strength and a firm position against the crumbling architecture of the multilateral decision-making process and refers – on a smaller scale – to exactly the same challenges the European Union faces nowadays.

The Digital Economy Ministerial Meeting in 2020

2020 was the year of Saudi Arabia to chair the G20 Presidency, an endeavor that has been considered particularly important for the country, showing its leadership to the broader region (Middle East) in times, where the “my-country-first” mentality invaded not only trade relations, but also put a shadow on the

¹⁶⁴ G20 Osaka Leaders’ Declaration, p. 2

¹⁶⁵ Ibidem, p. 3

¹⁶⁶ G20 Meeting at Osaka, 2019, Press Release, European Council, <https://www.consilium.europa.eu/en/meetings/international-summit/2019/06/28-29/>

¹⁶⁷ European Council, Remarks by President Donald Tusk before the G20 summit in Osaka, Japan, European Council, Press release, 28th of June 2019

75th anniversary of the United Nations. Right after the launch of a set of well-prepared activities under the overall umbrella of “Realizing the Opportunities of the 21st Century for All”, the Covid-19 pandemic brusquely took over, taking possession of the last morsel of multilateral engagement left. Borders were closed, supply chains – even and especially those including the much needed medical and sanitary equipment – interrupted, knowledge sharing refused and precious insights veiled for merely national benefits, up to the extent to question if international solidarity is still to be considered a value of the 21st century.

On the other hand, this shock left bare the high level of interconnectedness of today’s global economy and animated the debate on the importance of finding a balance with proper neighbors, given the fact that the coronavirus does neither stop at national borders, nor it refuses any specific passport holder. While China was able to recover rather swiftly, the pandemic hit other parts of the world harder, threatening the lives of its people and making costly lockdowns necessary, which culminated in an unprecedented scenario of an imminent global recession. The role of digital technology in the fight against contamination became tangible, be it with regard to health care or in a broader sense to keep a viable minimum of economic activity alive (thanks to teleworking and e-commerce). The connection to internet and related services (for example food delivery) became an issue of significant interest for society and proved that the digital transformation of our daily lives is – willingly or unwillingly – an unstoppable process with no return.

Against this backdrop, the strongly committed Saudi Presidency called on the other G20 Leaders to rethink their strategy and fight the pandemic together – to the extent possible. By quickly and professionally adapting to the new circumstances, switching to a completely remote conferencing modality, a dedicated Leaders’ Summit, as well as a number of extraordinary Ministerial Meetings were arranged, showing to the world, that the Desert Kingdom has developed into a modern hub, where technology and innovation have a clear position on the national policy agenda. The Meeting dedicated to the digital economy took place on the 30th of April, about a month after the extraordinary Leaders’ Summit, and corresponded to a constructive and sincerely engaged virtual gathering with the launch of a detailed Covid-19 Response Statement. The document points out that the G20 Ministers responsible for the Digital Economy strengthen and accelerate a collective response, by emphasizing the need for close cooperation on communication infrastructure and network connectivity, as well as the crucial relevance of the exchange of data in a secure manner.¹⁶⁸ By recognizing the vast potential of emerging technologies, especially artificial intelligence and diverse computing infrastructures applied to health, Ministers expressed support for increasing investments into research and deployment of health technologies, given

¹⁶⁸ G20 Covid-19 Response Statement of the Ministers responsible for the Digital Economy, p. 1, available at: https://g20.org/en/media/Documents/G20%20DETF%20COVID-19%20Ministerial%20Statement_EN.pdf

they are “evidence-based and human-centric, [...] respecting privacy”.¹⁶⁹ But the statement also includes a general pledge towards digital technologies and solutions, as they allow individuals and businesses to continue participating in the economy and community life in times of social distancing obligations imposed by the pandemic; this is of paramount importance for the manufacturing of the critical medical equipment and supply, but also to enable remote working and learning, provided that citizens dispose of the necessary basic digital skills. National policies shall support the trustworthiness of digital solutions’ deployment, with the precondition that they are respective of individual privacy, security and human rights. A “secure and trusted online environment”, able to counteract cyberattacks is to be considered at the basis of business resilience, which becomes crucial to keep global value chains stable allowing companies to resist the crisis, safeguard employment and protect the social sphere during the global health crisis. Concretely spoken, G20 Ministers strongly encouraged the sharing of good practices of nationally applied digital economy policy interventions, lessons learned and solutions in response to Covid-19 in order to identify critical common challenges and proven implementation practices to mitigate the impact of the pandemic and prepare for future ones.¹⁷⁰

In addition to the extraordinary Ministerial meeting to forge a response to the Covid-19 crisis, the thematic workstream within the Digital Economy Task Force continued in parallel, motivated by “the growing need to humanize technology”¹⁷¹, with the final aim to concrete policy measures that safeguard individuality, respect confidentiality and facilitate inclusive growth in the digital age. The discussion and animated debate of the Digital Economy experts embraced five thematic building blocks:

- 1) Trustworthy Artificial Intelligence
- 2) Data Free Flow with Trust and Cross-Border Data Flows
- 3) Smart Cities
- 4) Measurement of the Digital Economy
- 5) Security in the Digital Economy

As Dani Rodrik put it “no one should expect the pandemic to alter – much less reverse – tendencies that were evident before the crisis”¹⁷², the activities of the DETF in 2020 often encountered limiting obstacles, due to a kind of resurgence of economic nationalism, a common attitude for the USA delegation under the Trump administration. With the support of International Organizations (OECD and ITU) and the involvement of the G20 Engagement Groups (B20, C20, U20, T20, W20), the Saudi Presidency managed to reach consensus during the Ministerial Meeting, held virtually on the 22nd of July, on a declaration with a number of referenced annexes. In addition to reaffirming the commitment towards a human-centric

¹⁶⁹ G20 Covid-19 Response Statement of the Ministers responsible for the Digital Economy, p. 1

¹⁷⁰ Ibidem, p. 2

¹⁷¹ Dennis Görlich (and others), Policy Needs for Shaping the Digital Economy Era, T20 Recommendations Report, January 2020, p. 30

¹⁷² Dani Rodrik, Will Covid 19 Remake the World?, Project Syndicate, 26th of April 2020, p. 1, available at: <https://www.project-syndicate.org/commentary/will-covid19-remake-the-world-by-dani-rodrik-2020-04?barrier=accesspaylog>

approach to artificial intelligence, a collection of “Examples of National Policies to Advance the G20 AI Principles” was elaborated, stepping into the footprints of the Japanese Presidency a year before. A particular focus was put on the investment in research, human capacity, innovation and trustworthiness.¹⁷³ Ministers also reaffirmed the necessity to keep a multi-stakeholder dialogue ongoing, especially if applying AI to specific thematic sectors, as for example health or education.

The cross-border data flows debate has proven to be the “elephant in the room” during 2020’s G20 digital economy activity. Against the backdrop of Covid-19, harnessing the full and outstanding economic and social potential of free data movements appears crucial, especially keeping the advent of 5G, big data, IoT and connected manufacturing into account. It was the Japanese Presidency already in 2019 to face the “rapidly evolving patchwork quilt of global rules and domestic regulation”¹⁷⁴ and to actively advocate for a system, where openness is in symbiosis with trust. To convene on basic standards for interoperability requires finding a sound consensus on common principles for the protection of privacy and personal data, as well as on security and can take place among like-minded governments on a reciprocal basis. With China, the USA and the European Union – the three protagonists of three different models – around the table, the G20 in 2020 was called to deal with the data governance question again, working, with the support of the OECD, on “identifying communalities between existing approaches and instruments used to enable data to flow across borders with trust”¹⁷⁵. In times of exacerbation of geopolitical rivalry between the USA and China, notably putting global stability on risk, it was to expect that the interoperability debate represented a difficult obstacle to overcome. Also New Delhi expressed not to be in the position to accept the uninhibited cross border flow of data, as it could “further aggravate the digital divide”¹⁷⁶. Thanks to Saudi Arabia’s professional leadership it was possible to keep at least a simple reference to the willingness for cooperation to encourage the interoperability of the different regulatory frameworks in the declaration, highlighting the benefits of free flow of data, information, ideas and knowledge to unleash productivity and innovation and strengthen sustainable development.

A smoother and somehow friendlier attitude was shown with regard to smart mobility, thanks to the use of emerging digital technologies and their deployment through suitable infrastructures in cities. Thanks to the involvement of the International Transport Forum (ITF), the task force agreed on a set of G20 Smart Mobility Practices, annexed to the declaration, which suggest useful guidance and provide experiences and shared knowledge of G20 Members, in their commitment towards the development of a human-centric, inclusive and sustainable smart mobility system in their cities and communities.

¹⁷³ OECD, Examples of AI National Policies, Report for the G20 Digital Economy Task Force under the Presidency of Saudi Arabia, 2020

¹⁷⁴ Richard Samans, Can governments agree on global data flows?, World Economic Forum, 10th of June 2020

¹⁷⁵ 2020 G20 Ministerial Declaration on the Digital Economy, p. 3, available at: <http://www.g20.utoronto.ca/2020/2020-g20-digital-0722.html>

¹⁷⁶ Kirtika Suneja, India not in the position to accept uninhibited cross border data flows: Piyush Goyal, The Economic Times, 22nd of September 2020

Even the activities related to the roadmap toward a common framework for measuring the digital economy were marked by a truly constructive and highly promising approach, culminating in a new definition proposal put forward by the Saudi Presidency. Joint efforts led to refining a number of indicators related to jobs, skills – including digital literacy – and growth, tackling the important question of quality data availability and the strengthening of the evidence base. This has been complemented with a workshop for statistical officers to pave the way for a better collection of data, by continuously keeping a multi-stakeholder perspective and ability to monitor the social and economic impact of the digital economy. Thanks to the involvement of various international organizations, first and foremost the OECD, a basic summary of the roadmap is annexed to the declaration with the invitation to proceed with such confrontations during the upcoming years to allow the tool to show a first tangible impact in statistics.

Last but not least, the debate in the digital economy track focused on security in the digital economy, a controversial topic, given its often misunderstood linkage to questions related to national security and the related complex challenges in the digital domain. With the support of the International Telecommunication Unit (ITU), the Saudi Presidency mobilized the members of the DETF to provide insights on security risk management strategies of businesses, especially micro, small and medium-sized companies to strengthen their resilience throughout global value chains. Multilateral cooperation in this area hung by a silvery thread for several weeks, teetering between narrowing the existing fissures in the G20 and expanding them to a breaking point.¹⁷⁷ At the end the group was able to convene on the creation of a repository of G20 Examples of Practices Related to Security in the Digital Economy¹⁷⁸, highlighting relevant governmental programs and initiatives, which was annexed to the Ministerial declaration.

With the exception of the USA, all delegations expressed their strong interest in transforming the task force into a standing working group, acknowledging the cross-cutting impact of digital technologies on today's life and highlighting the paramount importance of digital policies on developments related to employment, economic, social, health and cultural challenges. As such a transformation would have required unanimous consensus, the Saudi Presidency opted to keep the digital economy task force operating in its traditional shape, with future Presidencies certainly putting efforts on repeating relevant moves in order to “upgrade” the task force to a working group again.

The G20 Leaders' Summit on the 21st and 22nd of November 2020 also had to take place in a virtual format and gave birth to a twelve-page long declaration. Most of its content somehow rotates around impact and consequences of the Covid-19 outbreak, tackling the pandemic from diverse perspectives and angles of intervention. Notwithstanding the enormous difficulties in negotiating sometimes controversial

¹⁷⁷ Beatriz Pérez de la Fuente, G20: Political snapshots of power dynamics, Elcano Royal Institute, 22nd of September 2020

¹⁷⁸ 2020 G20 Ministerial Declaration on the Digital Economy, p. 5

issues as for example climate change, the Saudi Presidency managed to finally deliver a declaration that falls into four main blocks: a) Rising to the challenge together; b) Building a resilient and long-lasting recovery; c) Ensuring an inclusive recovery that tackles inequalities and d) Ensuring a sustainable future. The part related to the digital economy is placed under chapter b (paragraph 19) and reiterates all main achievements the DETF in 2020 had focused on.¹⁷⁹ In the same chapter issues related to health, trade and investment, transportation and travel, international financial architecture, infrastructure investment, and financial sector issues are discussed, as well as topics related to international taxation and corruption. In order to spread some confidence, the declaration finally provides an outlook on a number of international gatherings that had to be postponed due to the Covid-19 outbreak, as for example the Expo2020 in Dubai or the Olympic Games in Tokyo planned for 2020, both re-scheduled for 2021. In its conclusion the document also features a brief reference to the commemoration of the 75th anniversary of the United Nations. If taking the overall difficult condition to organize a meaningful G20 in times of a pandemic into consideration, where all Leaders were unremittingly working towards safeguarding proper populations and economies, the Saudi Presidency deserves a deep appreciation, especially for its constant effort to keep the discussions with the Trump administration ongoing, the latter showing a rather inflexible, sometimes even hostile negotiation style, underlining once more its aversion against multilateral fora and resultant obligations. However, critics commented that the Riyadh declaration mainly contained acknowledgements to what needs to be done, while providing little input on commitments to transform those intentions into concrete actions and adding very few suggestions on how to adhere to the numerous new and ravaging challenges on the horizon (especially climate change or starvation), without taking steps towards avoiding the “sinking of the global ship”. Other observers concluded that G20 Leaders in occasion of the Riyadh summit “did just enough to keep their G20 ship afloat, so they can do much more to save all the passengers on our fragile planet in the months and years ahead”¹⁸⁰ – an endeavor requiring skill and tact, which now lies in the hands of the Italian G20 Presidency, followed by Indonesia (2022), India (2023) and most probably Brazil (2024).

Outlook on the (near) future and final considerations

Designing global governance models for specific thematic areas that are new to policy environment is definitely a challenge, as they are still emerging and continuously developing. An approach that involves a multi-stakeholder audience and acts in symbiosis with the local ecosystems is an imperative. But while it became tangible that challenges have become global, nowadays the trend to find global solutions appears to be declining instead, as single countries – often linked to others through bilateral agreements

¹⁷⁹ The G20 Riyadh Leaders’ Summit declaration is available at: http://www.g20.utoronto.ca/2020/G20_Riyadh_Summit_Leaders_Declaration_EN.pdf

¹⁸⁰ John Kirton, A small short-term success at the G20 Riyadh Summit, G20 Research Group Analysis, 22nd of November 2020, p. 3

or individually established alliances – try to gain the upper hand by taking advantage of exploiting the market prior to responding to a legal framework or globally accepted definition of visions and values.

Multilateralism seemed to be really caught in a blind alley when talking about global trade in 2020, and the basic principle of sharing the benefits of globalization appears cut off by Leaders and Ministers in case it put the full exploitation of market dominance – for example due to limitations to the not yet regulated online platform economy – on risk. While innovations and technology often do not recognize borders, consumer protection schemes (for example on personal data), resources and values do. However, a dialogue and the commitment to principles – even if not legally binding – has proven to result in an imperative for policy makers to influence industry to refrain from implementing solutions that can appear commercially viable, but not ethically correct or in line with international norms and understanding. While G7 countries entered the stage as being “like-minded”, the G20 community never did. As a consequence, stakeholders, especially entrepreneurs, today call for restoring the confidence in such mechanisms, “in order to prevent the risk of a growing share of the population feeling vulnerable and losing faith in democracy and the global economy”¹⁸¹. Another shrinking tendency is represented by long-term announcements. Commonly shared strategies have become more and more fugacious, promises rather ephemeral and overwhelmed by the request to respond to the rapidly changing global developments and relations with their immediate effect on the future.

While once there was an attitude towards dialogue and pragmatism, today especially important nations as the USA seem to be occupied with staging their supremacy. Since Trump, the US Administration seems caught in a “phase of hyper-bilateralization”, as Heather Conley from the Washington Center for Strategic and International Studies comments. While President Trump preferred to deal with individual heads of government rather than engaging in complicated multilateral negotiations, with the firm believe to express maximum power in bilateral talks, the US Government is beginning to learn that multilateral formats could be very efficient and useful to America when appropriately used.¹⁸² Nevertheless, this status quo might have its roots already in the past: a rather weak G20 Leaders’ Communiqué from the Ankara Summit in 2015 left growing questions about G20’s longer term role and the “forum’s central mandate of strong, sustainable, and balanced growth, which has been repeated by successive G20 Presidents, remaining frustratingly elusive”¹⁸³. Since 2016 experts convened in fact that the forum needs more political will to provide strategic leadership in order to “overcome roadblocks and advance truly global issues in international fora and institutions. Negotiations on such matters are often multi-year processes, and continuity across G20 presidencies is crucial to their effectiveness.”¹⁸⁴

¹⁸¹ B7-1.7 Declaration, Business Summit 2019 under French Presidency, available at <https://www.etuc.org/en/publication/b7-17-declaration>

¹⁸² Check <https://www.csis.org/people/heather-conley>, an Interview was performed with the German Tagesschau, where these quotes are taken from, available at: <https://www.tagesschau.de/ausland/osaka-gipfel-trump-101.html>

¹⁸³ Zangh Haibing (and others), G20 Monitor: the Chinese 2016 G20 host year, Lowy Institute, 16th of February 2016, p. 4

¹⁸⁴ Tristram Sainsbury, Overview of the G20 Monitor: the Chinese 2016 G20 host year, Lowy Institute, 16th of February 2016, p. 3

For the sake of continuity, it is in fact worth following the process of future work on the digital transformation, entangled with the green transition, especially against the backdrop of the US administration under Joe Biden and by monitoring related developments during Italy's Presidency, as in 2021 the G20 will be chaired again – after four years – by a European country, which in modern history is mostly wagering on multilateralism, be it for conviction or for necessity. A careful reflection and analysis of the proposed agenda for the G20 works, also with a view on the Troika, including Indonesia as unexpected entering country, could represent a next step for this research.

4.1.2 Case Study II: BRICS and the New Development Bank

A crucial position in the debate on the role of developing countries in the changing world order is reserved to Multilateral Development Banks (MDBs), defined as cooperative banks operating among a group of countries to support development through financing and knowledge. Since the aftermath of World War II, MDBs have historically been a prominent and successful example on how to stabilize the global financial system, stimulate growth and reduce poverty.¹⁸⁵

Against the backdrop of a fast-evolving global economic and political context, requiring the ability to adapt proper operational policies and governance arrangements dynamically and frequently, it appears as a useful exercise to shed light on the recently launched New Development Bank (NDB), established by the BRICS countries (Brazil, Russia, India, China and South Africa) and its related Contingent Reserve Arrangement (CRA). NDB represents a physical expression of the desire of emerging markets to play a significant role in global governance, rooted in the idea that a tangible power shift in the international system (from the developed industrialized world towards emerging market economies) has occurred¹⁸⁶, in combination with the need to invest in new infrastructure to keep pace with economic growth. In fact, since its formal creation in 2014, NDB intends to help fill the huge infrastructure gaps and promote noteworthy investments in renewable energy projects. CRA, instead has a crucial role in providing a financial stability mechanism for the “support through liquidity and precautionary instruments in response to actual or potential short-term balance of payments pressures”¹⁸⁷, counting for this purpose on an overall potential of 100 billion US dollars, of which around 41% is contributed by China, approximately 18% by Russia, Brazil and India each and the remaining 5% by South Africa.¹⁸⁸

While the initial feasibility study on which NDB is based was commissioned already in 2012, the overall project was presented to BRICS Leaders during the Summit in 2013 at Durban, after a careful analysis of the relevant Finance Ministers. During its official inauguration celebration in occasion of the Summit in Fortaleza in 2014, Leaders stressed that NDB will “supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to collective commitments for achieving the goal of strong, sustainable and balanced growth”¹⁸⁹. July 2015 finally marked the entry into force of the agreement on the bank, whose President up to today is the Indian K. V. Kamath.

With the aim to mobilize resources for infrastructure and sustainable development projects, NDB’s Board of Directors gave green light for diverse project loans in the field of green and renewable energy,

¹⁸⁵ Nancy Birdsall, Scott Morris, *Multilateral Development Banking for This Century’s Development Challenges*, Center for Global Development, October 2016, p. 1-4

¹⁸⁶ Chris Humphrey, *Challenges and Opportunities for Multilateral Development Banks in the 21st Century Infrastructure Finance*, Green Growth Knowledge Platform, June 2015

¹⁸⁷ Art. 1 of the Treaty for the Establishment of a BRICS Contingent Reserve Arrangement, signed in occasion of the BRICS Fortaleza Summit in July 2014

¹⁸⁸ RT Business News, “BRICS establish a 100 billion \$ bank and currency pool to cut out Western dominance”, in: RT International, 15th of July 2014

¹⁸⁹ New Development Bank, Presentation Page, available at: <https://www.ndb.int/about-us/essence/history/>

transportation, water sanitation, irrigation and others.¹⁹⁰ In fact, the strategic vision of the institution with its headquarters based in Shanghai seemed to pay off: after successfully obtaining an AA+ rating from S&P and Fitch on long-term-issuing and therefore offering a stable outlook, the bank was able to grant lending to 42 projects in all BRICS member states, reaching a lending amount of approximately 12 billion US dollars until the end of October 2019.



Source: Diálogo Chino, *The NDB promised to revolutionise development finance - what happened?*, www.dialogochino.net, Nov. 2019

The advent of the Covid-19 pandemic has additionally expanded loan approval, as the Emergency Program loan of 1 billion US dollar to Brazil, granted on 21st of July 2020 demonstrates.¹⁹¹ Moreover, NDB is continuously strengthening its relations with key stakeholders and global players through partnerships, among them the World Bank, the European Investment Bank and the African Development Bank. Within the review of its governance strategy, which actually contemplates a period from 2017 to 2021, the expansion process has been launched. This includes on the one hand the opening of a regional branch of NDB in South Africa (Johannesburg) and on the other it has brought to the definition of the admission procedure for new member countries, willing to join NDB by also sharing the related risks. This first multilateral organization created by BRICS for BRICS sets ambitious goals for its recognition and global value. It points out in its strategy that in 2021 NDB will be able to count on:

- ❖ A recognition as a trusted partner to member countries, attuned to the needs of borrowers, with an expanding and diverse portfolio and the use of a variety of instruments;
- ❖ A reputation for expertise in sustainable infrastructure development; ability to leverage knowledge exchanges through its partnership network;
- ❖ Prudent financial management systems, strong performance ratios and growing access to capital markets;

¹⁹⁰ New Development Bank, Presentation Page

¹⁹¹ Further information is available in a dedicated press release, available at: https://www.ndb.int/newsroom/press_release/

- ❖ A lean administrative structure, quality control and project evaluation capacity;
- ❖ Engagement with the international community based on clear goals and competencies;
- ❖ An expanded membership, global reach and reinforced capital base.¹⁹²

As the bank has already turned five, time has come to have a closer look on the impact of its activities in order to assess the current trends that emerge after launching its overall portfolio of services, as NDB is off its startup phase. The Bank praises itself for obtaining an impressive credit rating in a rather short time, which is significantly above the average of the single BRICS countries and for featuring a rapid growth rate on loans with a strong green footprint. While evaluating NDB's streamlined process to loan approval (within six month) positively and declaring it as one of its competitive advantages, preparation for prioritizing investments in green infrastructure projects (such as energy efficiency, sustainable waste management or clean transportation) is on the way, as a consequence to pay tribute to the prescriptions of the core mandate by the Bank's founders.¹⁹³

An important feature attracting attention in the context of this research is the aspect of local currency funding and related local currency programs, raising bonds in BRICS' domestic capital markets (applied already in China and in South Africa, with Russia finalizing the procedure), to minimize the risk of volatility and potential currency mismatches. Furthermore, the focus on green finance has been clearly marked, as NDB realized a first capital raising in China as a green bond in July 2016.¹⁹⁴ However, critical observers have lately raised their voice, expressing skepticism on NDB's transparency, especially concerning the criteria used to establish that loans for a number of projects are environmentally friendly, adding value to climate mitigation and adaption. A rampant example is represented by the Trans-Amazon highway paving in Brazil, a highly controversial initiative, which has been openly criticized by environmentalists, as it appears to exacerbate deforestation in the tropical rainforest.¹⁹⁵ The first Brazilian NDB Director Paulo Nogueira called for patience in his recent review, conceding that the initial idea behind NDB was indeed bold and ultimately ambitious: creating a developing bank that would “challenge the global development finance architecture that developed countries created in the aftermath of the Second World War, known as the Bretton Wood system”¹⁹⁶. He evidenced that the creation of NDB has also been a response to the disappointment on the nomination of Christine Lagarde as the Leader of the IMF in 2014, preventing developing nations further from enhancing their decision-making power. In fact, NDB seemed to set the scene of how BRICS countries and their organizational framework have heralded a new era and contribute today to the altering of the global power mosaic. As Oliver Stuenkel has formulated already in his reflection on BRICS and the future global order, their formal grouping has

¹⁹² NDB's General Strategy: 2017- 2021, p. 33-34; available at: <https://www.ndb.int/wp-content/uploads/2017/08/NDB-Strategy.pdf>

¹⁹³ Leslie Maasdorp, BRICS's New Development Bank turns four: what has it achieved, World Economic Forum, 20th of September 2019

¹⁹⁴ Wu Yiyao, BRICS Bank issues RMB green bonds, China Daily, 20th of July 2016

¹⁹⁵ More information including technical details is available at <https://www.ndb.int/projects-parabrazil/>

¹⁹⁶ Manuela Andreoni, The BRICS promised to revolutionize development financing: what happened?, Dialogo Chino, 11th of November 2019

helped to “democratize global decision-making and involve large emerging powers that have traditionally not always been represented at the table of the powerful”¹⁹⁷. But it might be even more than that: as China, India, Russia, Brazil and South Africa are becoming magnets for more and more emerging economies; BRICS has become a reference¹⁹⁸ and what seems even more significant is that the group is committed to protecting values of multilateralism in times where the open, free and non-discriminatory trade system has been put on serious risk due to protectionist moves from the USA and other Western democracies, who once were undisputed Leaders on sustaining international institutions, underpinning the global economy and inviting other countries towards human rights respect and democratization.¹⁹⁹

In times when the operating environment is becoming more and more challenging, as the relation between China and India is souring, the tensions in international markets growing and other domestic issues (as for example the climate-sceptics of President Bolsonaro, favoring a “Trump decision-making attitude”) destabilized the overall macroeconomic climate in BRICS countries, NDB has however proven to be efficient, issuing a higher amount of loans than the Asian Infrastructure Investment Bank (AIIB), which is a considerable institution, given its participation of 102 members, out of which 44 are sovereign countries.²⁰⁰ NDB’s Vice President Maasdorp remains confident for the future of the institution, pointing out three priorities for the journey of scaling up and improving a fit-for-purpose multilateral bank, able to provide the growing financial resources needed in BRICS countries against the backdrop of our rapidly changing global landscape:

- 1) While lending activities in the initial years were directed mainly towards governments and state-owned enterprises, NDB is now targeting the private sector, expanding the products beyond loans to include equity, guarantees and credit enhancement;
- 2) Compliant with the original intent of the Bank’s founders, the expansion of membership beyond BRICS countries is in the pipeline;
- 3) NDB is embracing the process of transformation of the design and implementation of roads, ports, power and other infrastructure, due to the rapid development of technology and innovation. This requires dynamic procedures to fully explore the potential and take advantage of the numerous opportunities offered to the bank and its shareholders.²⁰¹

Only future will tell if NDB succeeds in becoming an alternative and a challenge – as radical observers predict – to World Bank’s power and ultimately even the hegemony of the US dollar. Given the fact that the foundations of international cooperation and multilateralism appear weakened, leaving space to the

¹⁹⁷ Oliver Stuenkel, *The BRICS and the future of global order*, Lexington Books, 2015, p. 165

¹⁹⁸ Olivier Arifon, “How the strength and weaknesses of the BRICS are reflected in the press”, in: *Hermès La Revue*, 79/3, 2017 p. 54-64

¹⁹⁹ Robert Lieber, *Multipolar or Multilateral? Diffusion of Power, the BRICS, and the United States*, American Political Science Association, 2013 Annual Meeting, 22nd of August 2013

²⁰⁰ See the complete list of Members of the AIIB at: <https://www.aiib.org/en/about-aiib/governance/members-of-bank/index.html>

²⁰¹ Leslie Maasdorp, p. 3

emerging trends of extended protectionism and inward-looking policy making attitudes, China's position and commitment towards protecting the fabric of multilateralism and the BRICS concept will be of paramount importance. Keeping an eye on the developments of the Belt and Road Initiative, as well as on the collaboration potential and eventual overlapping with other banks, funds or institutions (as for example the Asian Infrastructure Investment Bank or the Shanghai Cooperation Organization) will shed light on the question whether NDB has enough space to thrive and prosper in the near future. In the words of Paulo Nogueira: it needs a vision based on strategic patience, in fact "things happen little by little"²⁰².

²⁰² Manuela Andreoni, p. 4

4.1.3 Case Study III: The *Fridays For Future* Movement

A second case study to take into consideration is *Fridays for Future* – a students’ movement, which has been launched by its leader, a at that time 15-years old girl from Sweden – Greta Thunberg, striking in front of the Parliament in Stockholm to raise attention on climate change and its related consequences. With her three-weeks long “*Skolstrejk för Klimatet*” the teenager protested against the missing actions, which impressively highlighted how the view of a young citizen can differ from those of the adults, who are the only ones to have the power to take impactful measures towards impeding the intensification of the climate crisis today.



What is interesting in the light of this research is to reflect on the role of stakeholders involved and the perspective and media relevance such a bottom-up multilateral action represents in today’s policy development. There is a significant number of examples, where students raised issues and lobbied to have Governments forestalling precautions, but *Fridays For Future* is worth a detailed analysis for diverse reasons: one of them is the global actions that sympathizers of the movement engaged in.

As a tribute to chronology: Greta referred she was inspired by the *March for Our Lives* (MFOL)²⁰⁴, another student-led initiative, organized in response to the Majory Stoneman Douglas High School in Parkland (Florida), with the aim to demonstrate and clearly take position towards a stricter legislation to prevent gun violence in the USA. The march took place on the 24th of May 2018 and involved - following estimations - 1.2 to 2 million people all around the United States.²⁰⁵

Greta Thunberg’s initiative – with its different scope and outreach – has indeed some similarities with MFOL: it addresses a powerful lobby, opening a fierce dispute on benefits and conflicts among hierarchy (be it in the case of MFOL the National Rifle Association, in the case of *Fridays For Future* the lobby of traditional industry, which so far did not react on climate change warnings at all). Both movements managed to involve a huge number of participants: MFOL these days represents one of the largest

²⁰³ Credits: Hanna FRANZEN / TT News Agency / AF

²⁰⁴ The official portal of the initiative is <https://marchforourlives.com/>

²⁰⁵ German Lopez, It’s official: March for Our Lives was one of the biggest youth protests since the Vietnam War, VOX, 26th of March 2018

protests in American history, while *Fridays For Future* today has undisputedly a global outreach, involving already 183 countries from all continents.

Another relevant element is the particularly young age of the stakeholders driving the movement: pupils. The reason behind this is related to the clear explanation of its goal: working towards bringing down carbon emissions drastically from now onwards. At the center of their vision is the Paris Agreement, outcome paper of the United Nations Climate Conference 2015, also known as *Paris COP 21*, aiming at “keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius”²⁰⁶.

The fact that the young generation is sincerely concerned, implies that the debate around the fear of not preventing the collapse of the current eco-system has been brought to the “kitchen tables”, not only to the front pages of mass media. This has somehow added responsibility on adults per se, not only politicians and policy makers, but also grandparents, parents, friends, business owners and broadly overall society to understand, admit and engage in finding solutions considering the urgency of the climate-crisis. In short, it has finally turned out into strengthening the global dialogue also by involving the research community, who advocated since years for the need to reduce carbon emissions to safeguard life on the planet, by fighting earth warming resulting in adverse natural phenomena as torrential rains, deluge, droughts and aridity.

Fridays For Future was actually not the first strike for climate in history with a widespread outreach: in November 2015, in preparation of the 2015 United Nations Climate Change Conference in Paris, a group of students managed to mobilize over 785.000 people from over 175 countries across the world to show their protest during the *Global Climate March 2015*. The organizers had three thematic priorities: 1) reach 100% of clean energy; 2) keeping fossil fuels in the ground and 3) helping climate refugees. Thanks to their genuine engagement they opened the floor for a debate on innovative ways to tackle the climate emergency and its consequences by tangibly drawing the attention to the victims of climate change and explaining scientific findings in both a correct and understandable way. In fact, the group advocated for a climate treaty “in line with the realities of science and the principles of justice”²⁰⁷.

What seems new and relevant from the example in the context of the multilateralism debate is the way the activists of *Fridays For Future* reflect the emissions’ challenge: equity. This inclusive (not divisive) approach promises to make sure that “the world’s resources (and the remaining carbon budget) are shared fairly among all people, no matter where they live”²⁰⁸. It therefore implies a kind of international solidarity principle, based on the understanding that envisaging common environmental targets can be an antidote

²⁰⁶ The text of the Paris Agreement is available at <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

²⁰⁷ Numbers are taken from the portal <https://350.org/global-climate-march/>

²⁰⁸ Quoted from #FRIDAYSFORFUTURE, The Ecolabel for Energy [retrieved on 14th of June 2019]

against polarization and extremism.²⁰⁹ While there is no general success recipe on fighting political polarization, a jointly shared focus on a specific deliverable can be seen at least as a “uniting factor”, facilitating a “melting process” among the young campaigners in their intent to show to the world that climate activism can make a difference and raise broader awareness.

Another interesting factor to focus our attention on is that the movement concentrates on its “own” decision makers, at home, by mainly targeting the local level. This is underpinned by the portfolio of activities that have been realized since the formal launch of the movement. While the institutional website lists both countries and towns where activities have been organized, a clear focus is put on the number of people involved during the single activities, showing the tendency of more and more involvement and a broader outreach achieved. The idea of taking on this methodology and showing proper engagement resulted into 89.000 strike events in more than 7000 cities from more than 228 countries, involving 13 million people worldwide.²¹⁰ Referring to local public authorities is the principal purpose of the campaigners, having experienced the poor level of preparation of their local Leaders, in order to motivate the whole value chain. While media attention is often mainly focused on Greta Thunberg, following her packed conference agenda and her constant availability to give interviews to express her frustration on the missing actions taken by top Leaders (be it from Government, industry or civil society) while “the house is on fire”²¹¹, a part of the movement is trying to understand the challenge their policy makers face when having to deal with proper uncertainty on the impacts of climate change and the outcomes of the strategies developed in order to adapt to them. This is indeed understood as a challenge, as “making sound decisions under uncertainty requires that public officials apply a non-traditional approach, one that leaves behind the ideas of permanence, stability, and absolute options, and considers dynamic planning processes”²¹².

The rationale of this chapter is not to deep-dive into the climate debate, but rather to shed light on the movement and its structure with the intent to figure out if this model has brought about an effect on multilateral cooperation for global governance. Nobody would deny that it has injected fresh momentum into the global climate debate, speaking truth to power and exhorting to act now. With a completely bottom-up approach, Thunberg engaged with a large and heterogeneous group, given the fact that pupils and students from the most various countries in the world have a diverse view on climate change and causative agents. Thanks to the request to promote, extend and involve other stakeholders, a *Scientists for Future* (SfF) branch was created²¹³, adding on one hand sensible and reciprocal visibility to each other and

²⁰⁹ Lee De-Wit (and others), *What Are the Solutions to Political Polarization*, Berkley, 2019,

²¹⁰ Check the statistics chapter at <https://www.fridaysforfuture.org/statistics/list-towns> [retrieved on 2nd of August 2020]

²¹¹ This expression is a fix constituent of Greta Thunberg’s speeches, check <https://www.fridaysforfuture.org/greta-speeches>

²¹² Carolina Zambrano-Barragán, *Decision Making and Climate Change Uncertainty: Setting the Foundations of Informed and Consistent Strategic Decisions*, World Resources Institute, 2011, p.1

²¹³ The organization has been created in Germany and falls into regional groupings and thematic working groups. Their “Charter of Scientists for Future” is publicly available at <https://www.scientists4future.org/about/charta/#en>. It is worth having a look at the “facts” chapter, splitting the debate into a number of relevant sectors with their connected concerns (from agriculture to energy, from health to biodiversity). There is also an international branch with a

on the other witnessing the need for a global learning process to be put in practice, requiring constant monitoring and nurturing. The movement has somehow contributed to the establishment of a participatory and inclusive decision-making process, requiring the upskilling of institutional capacities, able to manage and share information and knowledge and engage in new multi-stakeholder partnerships. By putting a lens on developing countries this also feeds into the adaption process and its close relationship with development.²¹⁴

Another important aspect is related to the explicit request – strengthened through the involvement of the scientific community and the global level outreach – to invest in monitoring and evaluation exercises on outcomes reached thanks to proper policy innovation, which is never an easy task for policy makers in their less flexible structures and procedures. The constant involvement of new stakeholder categories, resonated through local communities, has clearly promoted the climate change debate, which at least in Europe is now in a pole position with regard to future investment strategies and industrial policy. As McCloskey put it “combining analysis, outrage and active citizenship can build and sustain large-scale public engagement”²¹⁵. It finally also opens up to one central thought around youth, a group which fundamentally corresponds to the addressee of current policy implementation, as it will have to deal with the consequences and impacts of choices made today, even if their stakeholder group is excluded from voting and from being legally part of an implementing body, acting in a coordinated and multilateral way. Paradoxically youth represent our most valuable asset for the future but faces the biggest limit in regularly influencing the policy debate of today, which will be marking the living conditions of the adults of tomorrow. By breaking down territorial borders, distances between parties, stakeholder categories and even generations, Thunberg called on the community to raise the voice of the young generation, her voice, by using a clear language to advocate for an international and multilateral approach to finally start tackling global warming and climate change concretely. Her message appears impossible to misunderstand: “I don’t want your hope. [...] I want you to panic. I want you to feel the fear I feel every day. And then I want you to act. I want you to act as if you would in a crisis. [...] as if the house was on fire. Because it is.”²¹⁶ Her intervention during the World Economic Forum in 2019 succeeded in strikingly holding a mirror up to the present international economic elites of the planet: her voice was heard and shed bright light on the need for a coordinated policy approach on the climate urgency.

separate website (<https://www.scientists4future.org/stellungnahme/international/>), underlining that also Canada, Spain, Portugal, the Netherlands and Ireland is directly involved

²¹⁴ Carolina Zambrano-Barragán, p. 5

²¹⁵ Stephen McCloskey, What INGOs can learn from Greta Thunberg and the global climate strikes, OpenDemocracy, 13th of October 2019, p. 1

²¹⁶ Greta Thunberg, speech during the 2019 World Economic Forum, 25th of January 2019, available at: <https://www.youtube.com/watch?v=RjsLm5PCdVQ>

4.2 Governance on Artificial Intelligence (AI) – convening on ethical guidelines and principles

4.2.1 From informal cooperation to G20 AI Principles – thanks to OECD’s intermediation

“Artificial Intelligence is the future, [...] for all humankind. [...] Whoever becomes the leader in this sphere will become the ruler of the World”²¹⁷ – using these powerful words expressed by Vladimir Putin in 2017 directed towards students in order to depict the future scenario on dominating global affairs brings it to the point: artificial intelligence (AI) has (had) a disruptive impact on the research environment of the last decade and will strongly influence both our society and the way we will collaborate and live together.

AI theorist and pioneer Alan Turing has already dealt with the question if machines can think in 1950, when first computers had just been built. Even if it was John McCarthy who coined the term six years later, Turing’s ideas had a profound influence on the related debate and proved to cause a schism amongst its practitioners.²¹⁸ Experts believe that Turing today might have been excited by the remarkable progress that AI could report, as “it is flourishing in so many spheres of activity, from robots investigating the progress of climate change to computers running the world’s finances”²¹⁹. In fact, artificial intelligence is currently understood as the most influential of the emerging technologies and has already started to change the rules of play of our daily lives. Numerous opportunities have been captured to make products and services more reliable and less risky for people: what years ago still seemed to be mere phantasy, today is becoming real. While we could once agree with Richard Dooling saying “That’s not true, at least not yet”²²⁰, today the breakthroughs of machine-learning are becoming more and more frequent, placing AI and its impact on the agenda of every multi-stakeholder debate.

In addition to the immense potential for improvements and further developments or “colossal opportunities” to use Putin’s expression, an increasing number of challenges and risks, related to the human-to-machine interactions have emerged and become more and more tangible. Experts confirmed that transformative AI is able to radically change wealth, power and the overall world order, while nobody seems actually able to map capabilities or forecast strategic properties of AI progresses for the next 5-10 years.²²¹ Will this process bent towards cooperation or increase uncertainty, given the unclear constellation of actors? Will there be an AI offence-defense balance or is the engagement of resources going to change the character of conflict globally?²²² How to deal with trust issues of consumers towards

²¹⁷ The quote has been taken from an article placed on <https://www.theverge.com/2017/9/4/16251226/russia-ai-putin-rule-the-world>. The original version (in Russian) is available on youtube https://www.youtube.com/watch?v=xPuAzC3Y_64

²¹⁸ B. Cooper, S. Van Leeuwen, Alan Turing: His Work and Impact, Amsterdam, 2013, p. 93-94

²¹⁹ Noel Sharkey, Alan Turing: the experiment that shaped artificial intelligence, BBC news, 21st of June 2012, p. 7

²²⁰ Richard Dooling, Rapture for the Greeks: When AI Outmarks IQ, New York, 2008, p. 53

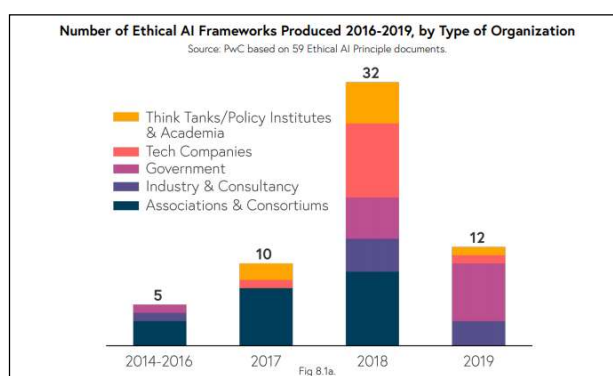
²²¹ Allan Dafoe, AI Strategy, Policy and Governance, University of Oxford, Slides for the Beneficial AGI Conference Puerto Rico 2019, available at: https://futureoflife.org/wp-content/uploads/2019/06/dafoe_saturday_am.pdf?x64279

²²² Ben Garfinkel, Artificial Intelligence, Foresight, and the Offense-Defense-Balance, Texas National Security Review, 2019

AI developers with regard to their fear on backlashes or malicious actions? A particular concern for society teases the automation process, shedding a shadow on the future-of-work debate, considering that an enormous number of low-skilled jobs might be replaced by machines in a reasonably short time frame.²²³

Other disquietudes focus on ethical criteria: in fact, our whole society (from the legal framework to the implementing industry) is called to adapt to new scenarios and considerations. Where to place a red line when it comes to governance? As a growing number of machines are able to learn and autonomously implement actions based on data acquisitions, the question of reaching a consensus on what is desirable and what is potentially harmful for a peaceful co-living among cultures and systems becomes more and more pertinent and involves citizens in various spheres. As benefits and harms are so diffuse, the governance challenge has become also a subject of constant debates in the European Union and beyond, committed towards defining guidelines on artificial intelligence, focusing on its “trustworthiness”. Kicked-off in 2018 and based on an open consultation process, a group of experts has consequently established three major principles to convene on the reliability aspect of AI, relying in its lawfulness (respecting all applicable laws and regulations), its ethics (in accordance with ethical principles and values) and its robustness (taking both the technical and the social environment perspective into account).²²⁴

What seems surprising at first glance is that it was not the policy community to kick-off the debate on ethical principles, as the initial impetus “sprang from Associations and Consortiums, with other organizations subsequently releasing their respective AI Principles in 2018 and 2019”²²⁵. Since 2018 also tech companies consider themselves as protagonists in this debate, while since 2019 governments clearly took the lead on the issue, followed by industry²²⁶:



²²³ A wide range of contributions on this topic is available. It is not possible to analyze this part in detail, as it would correspond to a self-standing research project. An interesting overview on this debate is offered within the OECD Science, Innovation and Technology Policy Paper Nr. 61, issued in February 2019: Occupational Transitions: The Cost of Moving to a “Safe Haven”

²²⁴ Report of the European Commission “Ethics Guidelines for Trustworthy AI”, published under the Digital Single Market chapter on the 8th of April 2019, available at: <https://ec.europa.eu/digital-single-market/en/news/ethics-guidelines-trustworthy-ai>

²²⁵ Artificial Intelligence Index 2019 Report, HAI Stanford University, December 2019, p. 148

²²⁶ ivi

The international policy community has caught the call for action, to make sure legislation is not just “running after“ development or deployment and throughout diverse committees, fora and multi-stakeholder dialogues, important obstacles have been overcome to pave the way for a sustainable future in which on the one hand opportunities related to AI can be unleashed in Europe and on the other risks avoided based on the definition of a coordinated employment plan called “Made in Europe”²²⁷ with an annexed roadmap.

Another active knowledge owner in the field is the Center for the Governance of AI, based at Oxford University within the Future-of-Humanity Institute, aiming at guiding the “development of AI for the common good by conducting research on important and neglected issues of AI governance, and advising decision makers on this research through policy engagement”²²⁸. Recently presented studies emphasize how far-reaching the political challenges deriving from AI in the near term are: in fact they include politics of algorithms (tackling aspects of privacy, fairness, transparency, accountability, robustness, safety, security, alignment and innovation), domestic politics (ranging from labor displacement and inequality, surveillance and control up to influence and fearful backlash), as well as international political economy (natural global oligopolies, tax law and competition policy) and international security (as for example cybersecurity aspects, power shifts, strategic stability up to militarization).²²⁹

Current debates accentuate that global competition puts constraints on the development of a common AI governance model, as many countries are interested in cultivating most suitable ecosystems to attract AI champions. In Europe and in a number of other Western countries policy makers are constantly confronted with the question on how to balance the trade-off between economic prosperity and preferred values on how algorithms are employed.²³⁰ In the USA diverse players are trying to shed light on structural risks for AI based on the identification of risk-specific control models to pinpoint the most critical ones by going further than putting a focus only on accidents and misuse.²³¹ While less is known about Eastern countries, primarily China – leader in AI technologies – and their internal governance debate²³², the global community of policy makers has expounded how needful and indispensable a related international debate appears.

In this scenario it was the OECD, confident of its positioning and reputation, to offer its services towards driving and coordinating the international governance dialogue. This effort culminated in 2019 in the elaboration of a set of principles dealing with the responsible stewardship of trustworthy AI, which all

²²⁷ All related information is available at: <https://ec.europa.eu/digital-single-market/en/artificial-intelligence>

²²⁸ Allan Dafoe, AI Governance: A Research Agenda, University of Oxford, 27th of August 2018, p. 13

²²⁹ See a related presentation of Prof. Allan Dafoe on AI Governance online at https://futureoflife.org/wp-content/uploads/2019/06/dafoe_saturday_am.pdf?x64279

²³⁰ Antti Tilonen, In Privacy We Trust: Can Europe Lead in AI?, EU-Asia Center, 30th of September 2019

²³¹ Benjamin Cheatham (and others), Confronting the risks of artificial intelligence, McKinsey Quarterly, April 2019

²³² Even if some studies from outside China are trying to analyze the Chinese process, see for example Gregory C. Allen, Understanding China's AI Strategy: Clues to Chinese Strategic Thinking on Artificial Intelligence and National Security, published by the Center for a New American Security, Washington, 2019

36 Member Countries and seven additional economies have adhered to. These principles represent the value-base, characterizing a human-centered approach to artificial intelligence in the pursuit of beneficial outcomes for people and the planet.²³³ It took the organization a strong commitment and a concentration on a quite diversified research landscape to finally enable the launch of such an agreement, formally signed during the OECD Council Meeting on May 22nd, 2019, which can be understood as a first inter-governmental standard²³⁴ – even if not legally binding. The work is accompanied by a number of recommendations on how to integrate the five complementary principles. All Member Countries adopted these non-binding principles and placed them high on their political agenda. The “spillover effects” on other countries have been notable and a dedicated AI policy response became a global priority, given the tangible interest in this topic also from civil society in order to protect people and individuals, often requiring an adaption of respective legal frameworks.

Having gained such crucial relevance, the debate on human-centered artificial intelligence was opened recently also at G20 level, engaging the Leaders in a dynamic discussion during the G20 Osaka Summit, celebrated on June 28th-29th 2019. There was consensus on recognizing the centrality of a human-centered approach to emerging technologies and the Leaders’ debate (anticipated by a ministerial conference, where multi-stakeholder experts had deep-dived into the discourse) culminated in the adoption of **G20 AI Principles**, which correspond to the five complementary principles launched by the OECD earlier:

- 1) Inclusive growth, sustainable development and well-being;
- 2) Human-centered values and fairness;
- 3) Transparency and explainability;
- 4) Robustness, security and safety;
- 5) Accountability.²³⁵

The related annex in the G20 Osaka Summit Leaders’ Declaration in fact reiterates the work developed within the OECD.²³⁶ The common acceptance of the principles today includes 51 countries (36 OECD member countries plus additional G20 representatives as Argentina, Brazil, China, India, Russia, Saudi Arabia, Indonesia and South Africa and additional adherents as Colombia, Ukraine, Costa Rica, Malta, Romania and Peru), representing a kind of common standard.

AI technologies are continuously developing: therefore, the associated global governance needs to remain flexible, while it has to clearly mark crossings of red-lines related to ethical criteria, that – once committed – might not be cancelled or easily limited in their impact. All experts agree on the fact that rules and

²³³ Background information of the “Recommendation of the Council on Artificial Intelligence” is available at:

<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0449>

²³⁴ Andy McDonnell, Alming High: New Framework for Development of Artificial Intelligence, McCann Fitzgerald, 2019

²³⁵ 2019 G20 Ministerial Statement on Trade and Digital Economy, Annex 1, p. 11

²³⁶ See the full text of the 2019 G20 Leaders’ Declaration at this page:

https://www.mofa.go.jp/policy/economy/g20_summit/osaka19/en/documents/final_g20_osaka_leaders_declaration.html

responsibilities cannot be imposed only to a special stakeholder category of the society or to a specific geographic area, as they have global outreach and relevance and require a level playing field with “rigorous and trusted regulatory frameworks that encourage practices that develop ‘AI for good’ in the future”²³⁷. In this direction goes also the most recent OECD effort: the launch of its AI Policy Observatory, launched at the beginning of 2020, with its vision to act as a coordinating body, running the observatory as an online platform for AI information on evidence and policy options and with the aim to provide practical guidelines to governments implementing each principle according to the values they have agreed to in the international context. With its three core attributes (multi-disciplinarity, evidence-based analysis and global multi-stakeholder partnerships) the OECD intends to offer a “valuable reference” to the dialogue by providing policy recommendations across the full range of economic and social issues, as well as metrics and measurement.²³⁸

Might the governance of an emerging technology become an impactful example for the multilateralism of the 21st century? The following analysis tries to provide an outlook on the five AI Principles, referring to its rationale and considering scenarios for the international policy makers’ action sphere.

4.2.2 The OECD Principles for responsible stewardship of trustworthy AI – a closer look

It appears as a must to define the meaning of the term “trustworthy”. According to the OECD it refers to an AI system that is “designed, deployed and operated in a way that considers and reflects the values-based principles”²³⁹. The level of trustworthiness is determined across the whole AI system lifecycle, which fundamentally falls into four phases:

- 1) Design, data and modelling (including planning and design, data collection and processing and finally model building and interpretation);
- 2) Verification and validation (assessing the performance across various dimensions);
- 3) Deployment (piloting to check compatibility with legacy systems and regulatory compliance, evaluating user experiences);
- 4) Operation and monitoring (operating the AI system by continuously verifying its impact).²⁴⁰

²³⁷ Amandeep Singh Gill, *Imagining the AI Future*, International Institute for Strategic Studies, 2020, p. 1

²³⁸ OECD.AI Policy Observatory: A Platform to Share and Shape AI Policies, available at: <https://www.oecd.org/going-digital/ai/about-the-oecd-ai-policy-observatory.pdf>

²³⁹ Scoping the OECD AI Principles, *Deliberations of the Expert Group on Artificial Intelligence at the OECD (AIGO)*, OECD Digital Economy Papers, 291, November 2019, p. 9

²⁴⁰ *Ibidem*, p. 13

Defining the AI system lifecycle is crucial when establishing also a risk management approach to identify, assess and prioritize risks that have to be mitigated and the potential effects addressed to safeguard all stakeholders and the user community.²⁴¹

It is worth to deep dive into the principles for responsible stewardship of trustworthy AI by detailing them one by one:

❖ **Inclusive and sustainable growth and well-being**

The idea behind this principle consists in the conviction to engage all stakeholders to achieve fair and beneficial outcomes for all people and the planet. People should be empowered, and their capabilities and creativity enhanced with the final aim to advance inclusion of underrepresented populations, reduce inequalities, and invigorate economic growth and well-being.²⁴² The OECD Expert Group AIGO expressed as main recommendation that governments might encourage AI actors “to ensure multidisciplinary collaboration and diversity of views throughout the AI lifecycle to maximize benefits and minimize the potential for harm”²⁴³. In addition to the promotion of responsible AI in education and research, the exchange of knowledge and best practices are relevant support actions to facilitate turning responsible AI into an economic added value strengthening competitiveness.

❖ **Human-centered values and fairness**

This principle reflects the necessity to put in place effective mechanisms to demonstrate respect of human rights and democratic values, ranging from freedom, dignity, privacy and non-discrimination to fairness, social justice and diversity throughout the overall AI lifecycle. One recommendation from AIGO towards Governments relies in the promotion of ethical conduct, quality standards and quality labels that might contribute to the alignment with human-centered values and fairness, as a prerequisite to achieve compliance with the final aim of “individuals’ determination over their digital identity and personal data”²⁴⁴.

❖ **Transparency and explainability**

At the basis of this principle relies the crucial aspect on raising stakeholders’ awareness concerning their interaction with AI systems. A “culture of transparency and responsible disclosure regarding AI systems”²⁴⁵ is therefore an exigency at all levels of society and throughout entire stakeholder categories. In this regard the suggestions for Governments rely in making AI systems understandable by providing meaningful information the context and the state-of-the art. Particular emphasis shall be put on shedding

²⁴¹ This research will not focus specifically on risk assessment and mitigation, as the range would be too broad. There is definitely huge potential to explore this topic further.

²⁴² Scoping the OECD AI Principles, p. 20

²⁴³ Ibidem, p. 21

²⁴⁴ Ivi

²⁴⁵ Ivi

light of when and for which purpose users are involved in interactions with an AI system and of who is operating it.

❖ **Robustness and safety**

This principle highlights the obligation for systems to be able to overcome adverse conditions (robust) by not presenting any unreasonable safety risk in foreseeable use (safe).²⁴⁶ At the center of the debate remains the question on how to ensure traceability of datasets, processes and decision making in the aim of reinforcing proper risk management approach, particularly with regard to digital security. The experts call for the constant consultation of stakeholders and for an obligation of AI actors to document the decision-making processes throughout the AI system's lifecycle to enable accountability, "especially for systems with potentially significant consequences on people's lives"²⁴⁷.

❖ **Accountability**

The basic idea behind this principle is already expressed within its title. AI actors, "based on their individual role, the context and state of art"²⁴⁸ should be accountable for the functioning of their AI systems, which are supposed to follow and be consistent with the five complementary principles. No specific action is recommended by the experts on this principle, as diverse and heterogeneous legal frameworks would not allow for a general consideration, that offers the right balance of detail and efficiency applied to local operating contexts.

4.2.3 The European Approach to excellence and trust on AI

Both the OECD and the European Union have expressed proper recommendations and are continuing their work towards filling those rather "abstract" principles with meaningful food for thought. OECD AIGO experts have drawn down five priorities for national policy setting on trustworthy AI (1. Investing in responsible AI research and development; 2. Fostering an enabling digital ecosystem for AI; 3. Providing an agile (and controlled) policy environment for AI; 4. Building human capacity and preparing for job transformation and 5.) International cooperation for trustworthy AI).²⁴⁹

On the other hand, Europe issued similar recommendations that includes an AI investment approach by breaking down the next steps on AI policy in 11 specific actions:

1. Empower and protect humans and society;
2. Take up a tailored approach to the AI landscape;

²⁴⁶ Scoping the OECD AI Principles, p. 22

²⁴⁷ Ivi

²⁴⁸ Ivi

²⁴⁹ Ibidem, p. 23-242

3. Secure a Single European Market for Trustworthy AI;
4. Enable AI ecosystems through Sectoral Multi-Stakeholder Alliances;
5. Foster the European data economy;
6. Exploit the multi-faceted role of the public sector;
7. Strengthen and unite Europe's research capabilities;
8. Nurture education to the Fourth Power;
9. Adopt a risk-based governance approach to AI and an ensure an appropriate regulatory framework;
10. Stimulate an open and lucrative investment environment;
11. Embrace a holistic way of working, combining a 10-year vision with a rolling action plan.²⁵⁰

At first glance they seem rather complementary, given the specific challenges Europe is facing, when dealing with its Member States, who individually elaborate a national AI Strategy, all in line with the Ethic Guidelines “*AI Made in EU*”. To take the discussion a further step forward and provide concrete guidance also for industry stakeholders, on the 19th of February the European Commission issued a White Paper on Artificial Intelligence with the title “*A European Approach to Excellence and Trust*”²⁵¹, underlining that the challenge for Europe and its Member States relies in the exigency to develop an artificial intelligence ecosystem capable of transferring the benefits of technology to the entire European socio-economic system. Supporting the uptake of AI across the EU economy and public administration compels to “step up action at multiple levels”²⁵². This stands particularly in the need of citizens to harness new benefits, such as targeted and improved healthcare, safer and more environmentally friendly transport systems and better public services. Enterprises have to be able to exploit the potential of AI for the development of new products and services, especially in the sectors in which Europe can capitalize on proper strengths and internationally recognized excellences (machinery, transport, IT security, agriculture, green and circular economy, health and high added value sectors such as fashion and tourism).²⁵³ Public utility services will contribute to reduce the costs of providing services (transport, education, energy, waste management etc.) by improving the sustainability of products and by providing law enforcement authorities with suitable tools to guarantee safety, while respecting citizens' rights and freedoms. This shows the essential need for European AI to continue being based on fundamental values and human rights as dignity and the protection of privacy (“ecosystem of trust”²⁵⁴).

²⁵⁰ European Commission, Policy and Investment Recommendations for Trustworthy AI, published on the 26th of June 2019, p. 47-49

²⁵¹ European Commission, White Paper: A European Approach to Excellence and Trust, 2019, downloadable at: https://ec.europa.eu/info/sites/info/files/commission-white-paper-artificial-intelligence-feb2020_en.pdf

²⁵² White Paper, p. 5

²⁵³ Ibidem, p. 6

²⁵⁴ Ibidem, p. 3

In addition, the White Paper applies the binomial to excellence and trust as a necessary precondition for the success of the “European approach” towards AI. To this end, the collaboration of the public and the private sector is supposed to mobilize resources along the entire value chain (including small and medium-sized enterprises).²⁵⁵ In this regard the creation of suitable incentives to accelerate AI uptake represents a decisive factor, also in the view of improving the collaboration between the Commission, the Member States and the research community in attracting and retaining talent.

Since artificial intelligence systems can potentially pose significant risks on society in certain contexts, it is crucial to invest in the creation of a safe environment that enjoys the trust of both citizens and the business community. To this end, the White Paper proposes to set clear, stringent and mandatory rules for the management of “high risk” AI applications, while inviting not to overload less risky applications with excessive burdens, suggesting “as an option [...], to establish a voluntary labelling scheme”²⁵⁶. This would also go hand in hand with the extensive standardization effort, that European Standardization Committee is permanently advocating for.²⁵⁷ The European legislation on consumer protection with regard to personal data and privacy and on unfair commercial practices will obviously remain applicable.

For high-risk cases, such as those relating to health, law enforcement or transport, artificial intelligence systems must be transparent, traceable and guarantee the ultimate control by a human being. European authorities have to remain able to check and possibly certify the data used by algorithms. To fuel high-risk systems, particular attention must be paid to the quality of data in order to guarantee the application of fundamental rights, including human dignity, pluralism, inclusion, nondiscrimination and protection of privacy and personal data.²⁵⁸ The White Paper is a combined effort, which comes together with the European Strategy for Data²⁵⁹, underlining Europe’s clear propensity towards remaining a competitive economy, with an “open democratic and sustainable society”²⁶⁰.

However, the future will look like, it is sure that AI is going to play an important role for our societies. This is why also the G20 community under the guidance of Saudi Arabia has informed about its efforts to work on a roadmap towards operationalizing the G20 AI Principles. Time will show if and which ethical framework will be kept and applied by all major players and how accurately predictable this emerging technology remain for a human brain. At this stage nobody knows if machines are going to become our best friends, advisors and caretakers or if “we will become super-humans, living in symbiosis with AI”²⁶¹, in the eternal and unstoppable instinct to search for immortality.

²⁵⁵ White Paper, p. 3

²⁵⁶ Ibidem, p. 24

²⁵⁷ European Standardization is considered a key instrument for the Single Market; more information can be downloaded at the European Standardization Committee’s homepage: <https://www.cen.eu/you/europeanstandardization/pages/default.aspx>

²⁵⁸ White Paper, p. 9

²⁵⁹ The European Strategy for data can be downloaded at https://ec.europa.eu/info/sites/info/files/communication-european-strategy-data-19feb2020_en.pdf

²⁶⁰ Sandrine Amiel, Artificial intelligence: How is the EU planning to make up ground on US and Chinese firms?, Euronews, 19th of February 2020, p. 2

²⁶¹ Liisi Ruuse, Artificial Intelligence: Mind-Boggling Future Predictions in 2019, Scorio, 2019, p. 5

4.3 The Christchurch Call for Action

In the effort of analyzing multilateral cooperation for global governance, it is relevant to follow present events and political action, based on or developing after concrete experiences in our lives. Disruptive technologies as the steadily increasing use of the internet and social media have become more and more an influencing vehicle for consumer's behavior, for commerce, work, but also for our approach towards modern democracy. By doing so, they demonstrate their strengths and advantages compared to previous tools, but at the same time they reveal their limits and "grey zones", especially with regard to the legal framework, often lacking behind the always accelerating speed of tech transformation.

On 15th of March 2019 Christchurch, a town with less than 400.000 inhabitants in the South Island of New Zealand became the stage of a tragic event: a terrorist attack against two mosques, resulting in 51 victims and additional 50 injured people. This unexpected massacre looked people in Christchurch on in horror for 17 minutes and put the whole world under shock. While this kind of shooting sprees unfortunately and unpredictably continue to happen throughout the world, this attack left breathless because it was live streamed on the internet by the terrorists, reaching potentially an incredibly extended user group. What adds to the overall disappointment was that the video has been viewed at least 4.000 times before it was removed and pointed out once more that harms can be caused by terrorists or by violent extremists who live-stream their hostile contents or actions, which runs the risk of becoming viral, as it remains available on the world-wide-net until appropriate measures have been taken to cancel it.²⁶²

To counteract this evolving trend, New Zealand's Prime Minister Jacinda Ardern together with President Macron decided to set a clear sign, convoking Heads of State from G7 and beyond to take action against the diffusion of harmful content on the web. What has been innovative in the so-called *Christchurch Call to Action* is that also prominent tech companies have been invited to the table and Governments have shown an attitude highlighting their openness towards peers. On May 15, 2019 an action plan was launched, with the commitment for both Governments and tech companies to put in place "a range of measures, including developing tools to prevent the upload of terrorist and violent extremist content; countering the roots of violent extremism; increasing transparency around the removal and detection of content, and reviewing how companies' algorithms direct users to violent extremist content"²⁶³.

The relevant actions to be taken based on the joint commitment reiterate the fundamental understanding that a free, open and secure internet is a powerful tool to promote connectivity, enhance social inclusiveness and foster economic growth.²⁶⁴ The dissemination of terrorist and violent extremist content

²⁶² Check the dedicated Christchurch Call Portal at: <https://www.christchurchcall.com/>

²⁶³ Prime Minister Jacinda Ardern, Christchurch Call to eliminate terrorist and violent extremist online content adopted, Beehive, 16th of May 2019, p.1, available at: <https://www.beehive.govt.nz/release/christchurch-call-eliminate-terrorist-and-violent-extremist-online-content-adopted>

²⁶⁴ The full text of The Christchurch Call for Action is available at: <https://www.christchurchcall.com/call.html>

via internet instead interferes with and impacts on the human rights of victims with consequences for the collective security. Useless to say that Governments are not the only stakeholders involved in the solution of this challenge, as other actors (in particular online service providers and civil society as a whole) have crucial influence on this issue.

The call intends to counteract the phenomenon thanks to collective and voluntary commitments with separate approaches for the relevant actors. With regard to Governments, the suggestions reach from enhancing education and building media literacy to help counter distorted narratives, as a sign in the fight against the drivers of terrorism and violent extremism. This goes hand in hand with an effective enforcement of applicable laws, the application of ethical standards, the support of frameworks and finally the consideration of appropriate collaborative actions (awareness-raising and capacity-building activities for online service providers, development of industry standards or voluntary frameworks and the launch of regulatory or policy measures to secure the internet and the protection of human rights).²⁶⁵

Online service providers are called to deliver on the following tasks to:

- ❖ Take transparent, specific measures to prevent the upload and dissemination of harmful content, committing to the immediate and permanent removal (thanks to the development and deployment of technologies and the expansion and use of shared databases) in a with human rights and fundamental freedoms consistently manner;
- ❖ Provide a higher level of transparency in setting the standards;
- ❖ Enforce community standards or terms of references (including the closure of accounts as well as an efficient complaints process to contest removals);
- ❖ Implement immediate, effective measures to mitigate risks of live-streaming terrorist content;
- ❖ Assure transparent and measurable public reporting, supported by clear methodology;
- ❖ Review the operation of algorithms and other processes to redirect users from such content, building appropriate mechanisms for reporting, designed in a multi-stakeholder process;
- ❖ Share knowledge and expertise to ensure cross-industry efforts are coordinated and robust.²⁶⁶

Against the backdrop of analyzing innovative multilateral cooperation models, the third part focusing on the commitment of both Governments and online service providers by listing collective actions appears to be even more relevant: both stakeholders are invited to promote community-led efforts to counter violent extremism and develop effective interventions to this end. Technical solutions to prevent the upload and to detect and immediately remove relevant content have to be given priority, while research and academic efforts to better understand and counter terrorist and violent extremist content online supported. This goes along with an effective and reliable law enforcement and a successful best practice

²⁶⁵ The Christchurch Call for Action, page 1

²⁶⁶ More technical details are available on page 2 in “The Call” Section; some of them have been cut here to facilitate reading

sharing and trusted information exchanges in accordance with data protection and privacy rules. The final aim also includes the development of a shared crisis protocol, allowing Governments and online service providers to respond rapidly and in a coordinated manner.²⁶⁷

While the respect and protection of human rights does not surprise in the context, as it corresponds to a rather usual practice, the acknowledgement of the crucial role of civil society in the *Christchurch Call for Action* deserves particular attention. Since its launch it was possible for civil society groups “who represent a range of perspectives, including human rights, freedom of expression, digital rights, counter-radicalization, victim support and public policy”²⁶⁸ to engage thanks to a dedicated Advisory Network and share proper expertise with the prominent audience of supporters. Overall, in addition to the founders (New Zealand and France), the *Christchurch Call for Action* today can count on the support of 48 Governments from all continents, the European Commission, UNESCO and the Council of Europe. But the real milestone reached by the founders and worth to pledge is the fact that the eight most important global tech giants have committed themselves to do their part. Amazon, Daily Motion, Facebook, Google, Microsoft, Qwant, Twitter and YouTube agreed to the described action plan by setting a sign on their engagement towards their users and the civil society and by endorsing the values expressed in the *Christchurch Call for Action*. Therefore, it can be considered a tangible proof of a successful example for a multilateral public-private cooperation in response to a global challenge by developing a governance model for the benefit of a free, open and secure internet, able to react immediately to eliminate terrorist and violent extremist content from online platforms.

The initiative has been broadly promoted through numerous institutional channels and is referenced also in the *Biarritz Strategy for an Open, Free and Secure Digital Transformation*²⁶⁹, launched under the umbrella of France’s G7 Presidency in 2019. An additional effort consisted in the redaction and related negotiation of a dedicated *Charter for a Free, Open and Safe Internet* with eight objectives to counter illegal content online. With a clear positioning the French Presidency intended to follow up on the *Christchurch Call*, by including the following into the Statement “while protecting the exercise of the right to freedom of expression and communication, democratic governments must act, together with all relevant stakeholders, including civil society, digital platforms and social networks, consistent with international and domestic law and in compliance with the fundamental rights, to address illegal online content, especially terrorist and violent extremist content, child sexual abuse material, illegal hate speech based on gender, religion, ethnicity or

²⁶⁷ Check the Christchurch Call for Action, <https://www.christchurchcall.com/call.html>, page 3

²⁶⁸ See the exhaustive list published at: <https://www.christchurchcall.com/advisory-network.html>. As of today 45 civil society groups are actively engaged supporters of the initiative

²⁶⁹ The G7 Leaders’ Summit in 2019 has taken place on the 26th of August in Biarritz and witnessed the participation of additional host countries (Australia, Chile, India and South Africa). The Biarritz Strategy is downloadable at: <https://www.consilium.europa.eu/media/40538/biarritz-strategy-for-an-open-free-and-secure-digital-transformation.pdf>

sexual orientation, and harassment²⁷⁰. Within the context of the G7 like-minded countries' diplomacy, France started a tenacious and unremitting negotiation process on the defined objectives:

- ❖ Upholding human rights online;
- ❖ Defending media freedom;
- ❖ Protecting targeted groups;
- ❖ Improving safety;
- ❖ Increasing transparency;
- ❖ Improving cooperation;
- ❖ Enhancing education and information;
- ❖ Supporting victims.²⁷¹

The long debate finally culminated in the adoption of this non-binding Charter by six G7 members, with the exception of the United States of America. Considering the current and prominently reiterated attitude of the Trump administration towards multilateral decision-making processes at a first glance this does not surprise; but considering the subject and the historical situation it reflected (the Christchurch attack) one would not really expect the US opposing a G7 output a vast majority of US civil society components would certainly agree to. What has finally turned out to be the sticking point for the US Government to veto an endorsement was the understanding that the right to freedom of expression and communication was somehow infringed by the Charter or at least put under serious pressure. All efforts undertaken by the French Presidency were in vain and even ignoring the fact that there was consensus also among a number of high-ranking American private sector representatives (among them Facebook, Microsoft, Qwant, Twitter, the WebFoundation and YouTube), the US Government decided neither to join the initiative nor to really comment their dismissive attitude further. The debate on how to put these objectives into practice will remain relevant and a dynamic and flexible approach necessary to make sure the current governance model can respond to the global challenge appropriately, especially as well-substantiated criticism raised the question if the proposed solution delegates “the interpretation and application of laws onto private companies and doubl[es] down on the use of automated upload filters, a technology that is prone to censor free speech online”²⁷². Dealing with the aspects of the potential burden for private companies to tackle the application of law, that actually differs from where the user is based, would definitely go beyond the scope of the analysis provided in the frame of this research. The point to be made instead underscored the evidence that a number of different stakeholders have to be

²⁷⁰ The Charter for a Free, Open and Safe Internet is available at: https://www.entreprises.gouv.fr/files/files/directions_services/numerique/Charter-for-a-free-open-and-safe-Internet.pdf

²⁷¹ Check objectives 2-4 of the Charter for more details

²⁷² Quotation of Javier Pallero, taken from the article “G7 internet charter has its foundations right, but key elements still threaten human rights”, in: Access Now, 19th of September 2019, available at: <https://www.accessnow.org/g7-internet-charter-has-its-foundations-right-but-some-important-details-are-still-too-dangerous-for-human-rights/>

involved when reflecting on a multilateral governance model to address global challenges of the 21st century – in this case the *quod erat demonstrandum* focused on the private-public cooperation in the platform economy for the benefit of the global civil society’s wellbeing.

4.4 Governance models for infrastructures of strategic interest –EU versus Huawei and the debate on national digital security

4.4.1 Efforts towards an internationally accepted definition of “national security”

Another area where it becomes apparent that multilateralism is a necessity and not only an option is represented by national security and its far-reaching implications. In this field all European Member States have defined proper strategies and actions following the sovereignty principle, but we lack a common definition. At first glance this is understandable and to a certain extent also added value, as it is the primary function of every single State to protect both its citizens and the stability of its institutions, on the other hand a missing common framework has the potential to limit decision making processes and broad investment strategies in fields that naturally interact and interfere with security related aspects. A number of common elements in States’ understanding of national security can be identified, among them sovereignty and lawful order, the protection of values against threats from foreign influences and territorial integrity. But so far diverse efforts to develop a single internationally acceptable overarching definition failed. While there is consensus on the need to “protect the State and its people from threats to violently and unlawfully overthrow the Constitution or system of government”²⁷³, new aspects gained a foothold in the debate: how to deal with a threat to the economy of a certain country? Would this call for national security defense procedures for example? And to provide further thinking: how to deal with climate change menaces for a country? This highlights the problematic linkage between national sovereignty and proportionality²⁷⁴ and points towards harmonizing our commonsense, keeping in mind that we are not always treating with States based on the same values, cultural imprints, religions, threshold for limiting human rights and tide of history.

Today the interconnection between our countries has assumed massive proportions, be it with regard to economy, mobility or the environment and the increasing digitalization contributes to more and our ecosystems rely on our daily interactivity considering it an integral part of its success and overall functioning. In addition, some born-global technologies require an approach that averts and consequently renounces any individual national schemes. To mention an example: blockchain technology, its outreach and multitude of disruptive potential stimulating the democratization of the supply chain and a shift towards an automation economy.²⁷⁵

These were good reasons for the Council of Bars & Law Societies of Europe (CCBE) to strengthen their collaboration, which culminated in the launch of recommendations and a provisional proposal to

²⁷³ CCBE Recommendations on the protection of human rights in the context of ‘national security’, 2019, p. 16, available at: https://www.ccbe.eu/fileadmin/speciality_distribution/public/documents/SURVEILLANCE/SVL_Guides_recommendations/EN_SVL_20190329_CCBE-Recommendations-on-the-protection-of-fundamental-rights-in-the-context-of-national-security.pdf

²⁷⁴ Michael Kirby, National Security: Proportionality, Restraint + Commonsense, Australasian Legal Information Institute, 2005

²⁷⁵ Juri Mattila, The Blockchain Phenomenon: The Disruptive Potential of Distributed Consensus Architectures, BRIE Working Paper 2016/1, Berkeley, 2016, p. 22

overcome the definition impasse, with the aspiration that it might achieve wide international acceptance: “National security is understood as the internal and external security of the State, which consists of one or more of the following elements:

- ❖ the sovereignty of the State;
- ❖ the integrity of its territory, its institutions and its critical infrastructure;
- ❖ the protection of the democratic order of the State;
- ❖ the protection of its citizens and residents against serious threats to their lives, health and human rights;
- ❖ the conduct and promotion of its foreign relations and commitment to the peaceful coexistence of nations.²⁷⁶

The debate on national security coordination for peaceful coexistence of nations requires a more comprehensive and far-reaching analysis than this simple chapter. However, in the context dealing with efficient multilateral policy cooperation a focus on critical infrastructure protection becomes rather central and deserves careful consideration. Those include power grids, transport networks and communication systems for example, playing a prominent role in maintaining vital social functions across countries. The European Commission specified in a dedicated directive that European Critical Infrastructure (ECI) consists in critical infrastructure, located in EU States, the disruption or destruction of which would have a significant impact on at least two EU States.²⁷⁷

4.4.2 Critical digital infrastructures – convergence of big data and AI versus cybersecurity

By drawing our attention on the global economy with the resulting intertwining of value chains and institutional linkages, it becomes tangible, how much data flows count today. None of our industries today has remained untouched by the big data revolution and all enterprises, regardless of their sector or activity, have become aware that processing and analyzing data has become an essential part of their future business success strategy. Processing huge amounts of data and accessing wider datasets is empowering artificial intelligence (especially machine learning techniques); as a consequence experts talk about a “revolutionary convergence of big data and AI”²⁷⁸. In this scenario being able to count on a reliable digital infrastructure becomes a fundamental prerequisite, both for the prosperity of the economy as well as for the trust citizens place in the digital transformation, which is currently affecting all spheres of our lives.

²⁷⁶ CCBE Recommendations on the protection of human rights in the context of ‘national security’, 2019, p. 17

²⁷⁷ Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection; definition extracted from the glossary at: https://ec.europa.eu/home-affairs/e-library/glossary/european-critical-infrastructure-eci_en

²⁷⁸ Artificial Intelligence and Big Data: a revolutionary convergence, Verbindungszentrum der Bildung und Forschung, Blog, 25th of July 2019, p. 1, available at: <https://www.verbindungszentrum.com/blog/artificial-intelligence-and-big-data/>

The 5th generation deployment of network technologies (5G networks) is recognized by the European Commission as a major enabler for future digital services, central for the European industrial strategy and competitiveness, “set to deliver an array of opportunities for the European citizens, society and economy”²⁷⁹. In fact, the American Society of Mechanical Engineers estimates that 5G has the potential to be 40 times faster and suffer shorter lag times than the current 4G; gaining this speed is critical when applied to autonomous cars for example, where timely decisions can impede accidents.²⁸⁰ It also enables other advanced IoT applications that we are more and more relying on (for example in the field of smart mobility). Industry also refers to benefits going beyond general consumer needs, as 5G networks will also allow “the communication between autonomous cars remotely, a connected traffic infrastructure, and remote factories working without local intervention”²⁸¹.

In parallel to recognizing the immense potential of 5G network, also our dependence on these networks catches the eye, as the provision of essential services for the operation of vital societal and economic functions – such as energy, transport, banking, and health, as well as industrial control systems could be put on risk. As the European Commission states in their Recommendations of the 26th of March 2019, the interconnected and transnational nature of the infrastructures underpinning the digital ecosystems and the cross-border nature of threats “mean that any significant vulnerabilities and/or cybersecurity incidents concerning 5G networks happening in one Member State would affect the Union as a whole”²⁸² and a concerted approach among Member States is the only way to ensure strategic autonomy. This embraces also foreign investments in strategic sectors, among them the acquisition of critical assets and technologies or the supply of critical equipment.

4.4.3 The Huawei case – European Multilateralism on cybersecurity at a crossroads

As current debates have outlined, cybersecurity is a horizontal issue and numerous policy areas fall under its overarching scope, while the decision on security measures remains the responsibility of every single country, including the completion of national risk assessments. In this scenario the discussion on the “rising Chinese technological presence in the Union”²⁸³ is taking on crucial importance, being most European economies currently in a key phase of 5G network establishment. To be more concrete and mention “the elephant in the room”, it all revolves around Huawei and its participation in the bid competition towards implementing 5G infrastructure in European Member States. Huawei, as a private

²⁷⁹ Communication from the Commission to the European Parliament, the Council, the European economic and social Committee and the Committee of the Regions, Brussels, 29th of January 2020, p. 12

²⁸⁰ Agam Shah, Why We Need 5G Cellular Service, The American Society of Mechanical Engineers, 1st of February 2019; available at: <https://www.asme.org/topics-resources/content/need-5g-cellular-service-part-2>

²⁸¹ Dan Grabham and Stuart Miles, What is 5G, how fast is it and how can I get it?, Pocket-lint.com, 14th of February 2020, available at: <https://www.pocket-lint.com/phones/news/128938-what-is-5g-when-is-it-coming-and-why-do-we-need-it>

²⁸² Commission Recommendation of 26.3.2019 (C2019) 2235 final, “Cyber security of 5G networks”, p. 1

²⁸³ Ibidem, p. 2

sector company, should be fundamentally put on the same level as suppliers from the United States of America for example, but as it has close links to the Chinese government – through subsidies and sometimes direct funding - it could be controlled and potentially be used for espionage. This, combined with an accuse of intellectual property theft by the Chinese giant, led the Trump administration to declare a ban on every Huawei product or service for the USA in order to secure national operations, which took efforts since the 16th of February 2020. The concern is that the “company uses its parts and pieces and hardware technology as a backdoor into malicious updates, making them available to the Communist Government, by violating privacy and security,” said Danny Davis, director of the Homeland Security Certificate program at the Texas School of Government and Public Service in a recent interview on KBTX during the Focus at Four transmission.²⁸⁴

While Europe is still trying to find a common solution to successfully treat the Huawei case, the United Kingdom, in the immediate aftermath of Brexit, presented its decision to allow the Chinese tech giant’s involvement in the rollout of the country’s future digital infrastructure, providing infrastructure on its 5G high-speed wireless network. Boris Johnson showed itself not impressed by the US warning, classifying the company an espionage, sabotage and blackmail threat. It is worth noting that the British Government, based on the evaluations of its National Cyber Security Center (NCSC), listed Huawei among the “high-risk-vendors” for a number of reasons (among which its strategic significance of its important market share, its low cybersecurity and engineering quality and opaque processes; its ban in the USA, which might potentially impact on future availability and reliability of Huawei)²⁸⁵, which results in a ban from core activities as access or authentication, but permits the company to compete for antennae and similar equipment, representing “up to 35 percent market share in the country’s access network”²⁸⁶. This decision has been grounded in an extensive technical justification, which – upon closer inspection – results to exhibit a number of contradictions, leaving the users with a certain amount on uncertainty. While experts underline how difficult it is to really isolate risks from single suppliers with sensitive functions in all parts of the network and advocate for open coding standards (referred to as OpenRAN²⁸⁷) to enable interoperability, NCSC’s technical director Ian Levy replied “The move to 5G is another evolution of the technology and our security mitigations need to evolve again”²⁸⁸. Critical observers ground Boris Johnson’s move not to exclude Huawei even if this means to break ranks to a certain extend with one of his closest allies (the USA), given the agitated and omnipresent political debate around the Chinese giant as a “fear of retaliation” with London perceiving itself “dependent on Beijing’s

²⁸⁴ The whole interview is available at: <https://www.kbtx.com/content/news/Why-the-US-has-banned-Chinese-5G-company-Huawei--and-the-UK-hasnt-567567491.html>

²⁸⁵ National Cyber Security Center, NCSC Advice on the use of equipment from high risk vendors in UK telecoms networks, published on the 28th of January 2020, available at: https://www.ncsc.gov.uk/guidance/ncsc-advice-on-the-use-of-equipment-from-high-risk-vendors-in-uk-telecoms-networks#section_5

²⁸⁶ Thorsten Benner, Britain knows it’s selling out its national security to Huawei, Foreign Policy, 31st of January 2020, p. 1

²⁸⁷ Larry Peterson and others, Democratizing the Network Edge, Computer Communication Review ACM Sigcomm 49/2, April 2019, p. 5

²⁸⁸ National Cyber Security Center, The future of Telecoms in the UK, 28th of January 2020, p. 1, available at <https://www.ncsc.gov.uk/blog-post/the-future-of-telecoms-in-the-uk>

goodwill”²⁸⁹. This becomes tangible if put in context with the Chinese Ambassador to the UK’s interview some days prior to the announcement (on the 20th of January 2020), in which Liu Xiaoming rather openly points out that “refusing Huawei will severely harm China-UK relations and undermine Chinese companies’ confidence in the British investment environment”²⁹⁰. China exercises an expansive and widespread influence and related control over UK’s national economy, and this is why pleasing the Chinese giant, which might undisputedly “profit from unfair support by Chinese state capitalism”²⁹¹ is easier than engaging in more challenging debates with European world class vendors (as Ericsson and Nokia) or Samsung, with its provenience from a trustworthy democracy. The future will show if and how Johnson’s decision will affect the special relationship of the UK and the USA in the near future, considering that first reactions in times of potential free-trade negotiations have been described as “with a deep sigh of concern”²⁹², posing rather significant roadblocks in the fruitful collaboration between both countries. Several democrats and republicans agree on the warning expressed by US experts and invite their Government to review long-standing intelligence-sharing pacts with the British government.²⁹³ Senator Ben Sasse leaves no space for interpretation in his statement describing the relationship with London as “less special now”, as “the Chinese Communist Party has infected Five Eyes with Huawei, right at a time when the U.S. and U.K. must be unified in order to meet the global security challenges of China’s resurgence”²⁹⁴.

In this scenario, Europe has to deal with a difficult balancing act on reconciling the interests of all Member countries but risks being caught in a trap when opening up to its most powerful commercial partner (China and other Asian countries, who already implemented Huawei technologies), or making political choices to satisfy the extensive requests imposed by its most powerful allies from abroad (traditionally the USA). In fact, “the future of cybersecurity regulation appears to be at a crossroads”²⁹⁵, leading either to an intense integration of Member States countries based on a truly common approach towards cyber security regulation or to the raise of further distances in the Union.

Thanks to a so-called toolbox, aiming at identifying a common set of measures to mitigate the main cybersecurity risks of 5G networks, the European Commission has taken first steps to provide guidance on its coordinated risk approach.²⁹⁶ If used in an appropriate combination, these measures are supposed to effectively address all key risk areas to protect electronic communication networks. This toolbox comes

²⁸⁹ Thorsten Benner, Britain knows it’s selling out its national security to Huawei, Foreign Policy, 31st of January 2020, p. 3

²⁹⁰ The quote has been published on the China Global Times portal: <https://www.globaltimes.cn/content/1177479.shtml>

²⁹¹ Thorsten Benner, p. 3

²⁹² Official website of Democrat Abigail Spanberger: <https://spanberger.house.gov/news/documentsingle.aspx?DocumentID=2461>

²⁹³ Robbie Gramer, Lara Seligman, Can the U.S.-U.K. Special Relationship Weather the Huawei Storm?, Foreign Policy, 30th of January 2020

²⁹⁴ Official website of Republican Senator Ben Sasse: <https://www.sasse.senate.gov/public/index.cfm/2020/1/sasse-statement-on-united-kingdom-s-huawei-decision>

²⁹⁵ Gloria Gonzalez Fuster, Lina Jasmontaite, “Cybersecurity Regulation in the European Union: The Digital, the Critical and Fundamental Rights”, in: The Ethics of Cybersecurity, The International Library of Ethics, Law and Technology, 2020, p. 112

²⁹⁶ NIS Cooperation Group of the European Commission, Cybersecurity of 5G networks EU Toolbox of risk mitigating measures, CG Publication, January 2020

along with the EU Cybersecurity Act, which entered into force in June 2019 with its clear function to create a framework for European cybersecurity certification schemes for products, processes and services.²⁹⁷

The cyberspace and its security landscape is continuously evolving and requires a dynamic and flexible approach as policy measures eventually lead to changes and adjustments in the legal framework and vice versa. Europe is therefore put in the perfect position to decide if it intends to play a protagonist role in marking a new level of multilateral cooperation or if it fails in keeping momentum. So far it appears that the common positioning of European economies caught the attention of Huawei and led the company to open a dedicated Huawei Cyber Security Transparency Centre²⁹⁸ in the heart of Europe (Brussels) in March 2019, choosing a “straight forward escape” to call for collaboration and invite the international experts’ community to participate in developing an effective model to build trust, based on commonly agreed standards and verification opportunities. As a “venue to reassure EU policymakers about Huawei’s cybersecurity credentials”²⁹⁹, it offers a platform for government agencies, technical experts, industry associations and standards organizations to access and test the company’s networking equipment.

As cybersecurity and resilience resembles to gain relevance for policy making in the near future, becoming more and more a challenging endeavor, next moves will show if Europe is ready to stand its “acid test” towards a reliable multilateralism in the field of a crucial field with major economic outreach and significance.

²⁹⁷ The EU Cybersecurity Act revamps and strengthens the EU Agency for cybersecurity (ENISA) and establishes an EU-wide cybersecurity certification framework for digital products, services and processes. Within its mandate, ENISA also assists EU Member States to handle cybersecurity incidents on their specific request. All relevant information is available at: <https://ec.europa.eu/digital-single-market/en/eu-cybersecurity-act>

²⁹⁸ A relevant presentation is available in this PDF: <https://www.huawei.com/-/media/CORPORATE/PDF/trust-center/huawei-cyber-security-transparency-centre-brochure-en>, made available by the company itself

²⁹⁹ Kelvin Chan, Huawei opens Brussels security lab in bid to reassure EU, Washington Post, 5th of March 2019, p. 1

5. Multilateralism under the sign of shared values – the urging need for a change of perspective in a globalized world

5.1 Contributing to the 2030 Agenda – a tightrope act of modern multilateralism

The start of a new millennium had given good hope to engage in sincere efforts towards tackling the key challenges of the 21st century; this was demonstrated by the gathering of 189 countries, mostly represented by their head of state or government in New York, in occasion of the largest Summit in the history of the United Nations. Through the adoption of the Millennium Declaration³⁰⁰ the international policymaker community defined four programmatic and interdependent areas of action, that require a joint approach: peace, security and disarmament, development and poverty eradication, protecting the common environment and finally human rights, democracy and good governance. While there is a certain number of declarations issued in similar occasions, this one is considered as a powerful sign and of particular relevance, as it represented the global consensus between developing countries, emerging economies and industrialized nations and marked the start of a “renewed global partnership for development”³⁰¹. The catalogue of the following eight Millennium Development Goals (MDGs) clearly indicated what was to be achieved within a fifteen-year time frame (corresponding to 2015, while using 1990 as a benchmark):

- ❖ MDG 1: Halve the proportion of people living in extreme poverty and hunger
- ❖ MDG 2: Achieve universal primary education
- ❖ MDG 3: Promote gender equality and empower women
- ❖ MDG 4: Reduce child mortality
- ❖ MDG 5: Improve maternal health
- ❖ MDG 6: Combat HIV/AIDS, malaria and other infectious diseases
- ❖ MDG 7: Ensure environmental sustainability
- ❖ MDG 8: Develop a global partnership for development

At a first glance the question that arises is: what constitutes the new element in the declaration? Many efforts from a variegated group of stakeholders, often also coordinated at international level are in place, since several years, with seemingly same or at least very similar objectives. The innovative aspect of the Millennium Goals relied in the agreement of the international community to regularly review its implementation, by attributing the declaration the status of a common and verifiable frame of reference,

³⁰⁰ The text of the declaration is available at the UN website: <https://www.un.org/en/development/devagenda/millennium.shtml>

³⁰¹ See the recent report of the UN System Task Team on the post-2015 UN Development Agenda, FAQ, p. 1 available at: https://www.un.org/en/development/desa/policy/untaskteam_undf/faqs.pdf

where results equal to measurable indicators. This brought a remarkably higher significance to the new partnership, directing its focus clearly on change: in fact, high-income nations were now supposed to reform both their domestic and international policies related to agriculture, trade and sustainable development. The process also shed light on the level of effectiveness of their aid programmes, for example on the question of how rich countries assisted poorer ones in reducing their debt burdens. On the other hand, low-income nations were also called to take over concrete responsibility, having to address crucial issues related to governance, human rights and social justice. Strategies and policies were to be set in constant coordination with global partners, to “ensure that poor people receive their fair share of the benefits of development”³⁰², becoming a centerpiece in the discussions around a fair globalization process.

While globalization as such represents a continuous phenomenon with a strong cyclical element – as a look at history teaches us – the current wave appears to be characterized by faster global interaction, based also on the underpinning influence of technology, playing an amplifying role. In order to cope with the consequences of World War II, developed countries in those times engaged in a kind of social contract between the States and their people to share the prosperity being generated by globalization more evenly throughout society, in an attempt to strike a balance and conciliate capitalism with inequality concerns as a foundation for a new, fairer and more peaceful international order.³⁰³ This worked well for some time, allowing economic growth, international trade and finance to blossom, generating an increased demand, stimulating industrial production and boosting the level of productivity. This went hand in hand with the science and technology advancement, unleashing improvements in strategic sectors as transportation, energy and connectivity. But the speed of global financial integration, combined with the rapidly expanding capital mobility finally “bound countries in a deflationary constraint”³⁰⁴, putting notable pressure on the foreign exchange market. High inflation paired with the oil crisis of the seventies called for the International Monetary Fund to stabilize the international financial system, though providing liquidity only conditional to policy programmes, which often resulted in tough fiscal consolidation for countries undergoing a debt or balance of payments crisis. At the same time global competition increased, stimulated by growing international trade volumes, capital mobility, financial deregulation, and technological advancement, leading finally to significantly more restrictive monetary and fiscal policies. The situation culminated in the 2008-2009 global economic and financial crisis, a severe downturn, which clearly highlighted the deep structural deficiencies of the unbalanced system, not

³⁰² James Mayers, *Achieving the Millennium Development Goals*, International Institute for Environment and Development, 2007, p. 1, available at: <https://www.iied.org/achieving-millennium-development-goals>

³⁰³ John Ruggie, *International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order*, International Organization, 36/2, International Regimes, 1982, p. 379-415

³⁰⁴ Filipa Correia, Philipp Erfurt, Julie Bryhn, *The 2030 Agenda: The roadmap to GlobALLization*, DESA Working Paper 156, United Nations, November 2018, p. 8

putting the real economy (but the financial sector) at the core of overall policy making efforts.³⁰⁵ The strongly hit middle class, bearing the brunt of the economic consequences and suffering hardship and continued anxiety, started to question the legitimacy and appropriateness of the economic architecture of the past, while migration flows steadily augmented and communication technology development contributed to the substantially increasing awareness of the disenfranchisement people in part of the world were exposed to. Real-time exchanges of information and the sharing of ideas based on the assiduous use of social media made it possible for emerging countries to more effectively raise their voice and finally nudge World Leaders to take a vow of leveraging the benefits of globalization in a more inclusive, balanced and sustainable manner. The process improved the lives of many, while it undoubtedly left others far behind – a fact that led to numerous changes in the society of the 21st century. This becomes tangible if we consider the entrepreneurial fabric of today, marked by a completely internationalized production, relying on closely interlinked supply chains. Regarding labor market related factors, unemployment – particularly in the developed countries – has often been blamed to be caused by globalization. The same connection is drawn when considering the raise of inequalities and new poverty, the swell of global account imbalances, all together tipping the scales towards new migration flows.

The attempt of this chapter to briefly contextualize the dynamic backdrop against which the 2030 Agenda for Sustainable Development has been launched to address the multidimensional aspects of globalization would certainly deserve a more in-depth analysis and evaluation; the purpose here rather consisted in evidencing that global challenges always require efforts to find coordinated global answers for our communities, even in a moment of relatively widespread distrust and suspicion against multilateral organizations as the United Nations. To state Kofi Annan: “[either] we help the outsiders in a globalized world out of a sense of moral obligation and enlightened self-interest, or we will find ourselves compelled to do so tomorrow, when their problems become our problems, in a world without walls.”³⁰⁶

It was in the light of a “globalization of community”³⁰⁷, that the United Nations launched its 2030 Agenda, dating back to September 2015, when all 193 UN Member Countries unanimously adopted a roadmap towards putting into practice their strategy to focus on economic, ecologic and social development in order to offer a life of dignity all around the planet. To achieve this extremely ambitious vision, seventeen integrated and indivisible Sustainable Development Goals (SDGs) have been defined, representing a blueprint to achieve a better and more sustainable future for all.³⁰⁸ The SDGs and their targets balance the three dimensions of development, advocating for efficient partnerships and calling for action by all countries. To satisfy and capture the broad scope, the international community has worked on five core

³⁰⁵ Susan Lund, A decade after the global financial crisis: What has (and what hasn't) changed?, McKinsey Global Institute Executive Briefing, August 2018

³⁰⁶ United Nations, Secretary-General pleads cause of ‘inclusive’ globalization”, United Nations Press Release, SG/SM/8412, 2nd of October 2002, p. 3

³⁰⁷ Annan calls for ‘globalization of community’ to meet present and future challenge, UN News, 2nd of October 2002, available at:

<https://news.un.org/en/story/2002/10/47182-annan-calls-globalization-community-meet-present-and-future-challenge>

³⁰⁸ An official introduction is available at: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

principles, known also as ‘the five Ps’, corresponding to: people, planet, prosperity, peace and partnership, reiterating the importance of human rights and constant international cooperation. For the first time in history, poverty reduction and sustainability have been put under the same umbrella in a single agenda for action. While this research does not allow for an exhaustive and rigorous analysis of each single goal, it yet intends to provide an overall panorama, by keeping in mind that every single country is called to develop an appropriate policy-mix, in accordance with national strengths and proper necessities to reflect particular circumstances:

- Goal 1: No Poverty
- Goal 2: Zero Hunger
- Goal 3: Good Health and Well-being
- Goal 4: Quality Education
- Goal 5: Gender Equality
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation and Infrastructure
- Goal 10: Reducing Inequality
- Goal 11: Sustainable Cities and Communities
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 14: Life Below Water
- Goal 15: Life On Land
- Goal 16: Peace, Justice and Strong Institutions
- Goal 17: Partnerships for the Goals.

As more or less five years passed since the formal announcement of these goals, the global community started to proceed with a first review, in order to check what went well, collect low-hanging fruits and further discuss on targets and modalities to keep pace with what the Leaders have committed to in 2015. As part of such an effort, some scholars perceive that to address central caveats of previous agreements, the 2030 Agenda forges a new social contract, putting the urgent need to overcome the unsustainability of previous economic development models under the spotlight.³⁰⁹ The 2030 Agenda clearly relies on the principle that shared responsibilities seek shared actions through inclusive and transparent processes, by

³⁰⁹ Filipa Correia, Philipp Erfurt, Julie Bryhn, p. 33

deeply engaging with a broad spectrum of societies' stakeholders, while also equally sharing both risks and rewards.

One of the crosscutting elements of the agenda is represented by the reduction of all forms of inequalities, considering its multidimensional character and paramount importance. Christine Lagarde in her role as Managing Director of the IMF admitted in a speech in 2014: “in the past, economists have underestimated the importance of inequality. They have focused on economic growth, on the size of the pie rather than its distribution.”³¹⁰ As a response to this attitude and in addition to addressing the aspect of inequality due to the globalization process as such (with the self-standing SDG 10), also inequalities within countries are contemplated with an unambiguous request to counteract underpinning trends, be it for example regarding environmental degradation in countries, whose effects and consequences are often unproportionally distributed, mostly to the detriment of the bottom half of the income distribution, offering the floor to political instability and conflict. Observers also recognize the efforts of the agenda to promote a constant dialogue on how to tackle the consequences of globalization on domestic economies and labor markets, which is of high complexity as national and global contexts often overlap and policy making has to take imbalances from global trade and business into account, when crafting a strategy contemplating both competition and economic diversification issues.³¹¹ Another positive achievement of the 2030 Agenda is represented by the importance attributed to decent work conditions and to the promotion of global social protection. Thanks to a progressive gain of momentum, strongly invigorated by the launch of the SDGs, the International Labour Organization and the World Bank in 2016 prominently established the ‘Global Partnership for Universal Social Protection’, with its mission to coordinate country support to strengthen national social protection systems, to develop knowledge to document country experience and provide evidence on financing options and advocacy for integrating universal social protection.³¹²

Finally, the aspect of strengthening global systems and partnerships deserve further attention: to tackle shortcomings engendered by the deficiencies of former global financial systems, SDG 17 clearly invites to a change of perspective, in order to allow an equal share of decision-making power, corresponding to the principles that build the foundations of the international system and order. This is directly connected with the question on how to enhance representation for developing countries at global international economic and financial institutions, enabling them to deliver their tasks in a more effective, credible, accountable and legitimate way.³¹³ While this aspect is of paramount importance and will be treated also at a later stage of this work, it is worth evidencing that this clearly relates to the process of transforming

³¹⁰ Christine Lagarde, A New Multilateralism for the 21st Century, The 2014 Richard Dimpleby Lecture, London, 3rd of February 2014, p. 9

³¹¹ Esteban Ortiz-Ospina, What's the impact of globalization on wages, jobs and the cost of living?, University of Oxford, Oxford, 22nd of October 2018

³¹² The website of the partnership offers a range of information, including a chapter tracking the progress made, and is available at: <https://www.usp2030.org/gimi/USP2030.action>

³¹³ Filipa Correia, Philipp Erfurt, Julie Bryhn, p. 35-36

our world³¹⁴, as stated in the preamble of the 2030 Agenda. This implies a change of the *status quo*, generating hope on one side, but running the risk – on the other – of producing biases in a complex and dynamic globalization scenario, which figuratively somehow corresponds to a tightrope act. And this also metaphorically means that failing (falling) could entail devastating consequences. Against this backdrop, the 2030 Agenda can be understood as a celebrative joint attempt to provide “a sustainable, universal and inclusive framework for international policy coordination, allowing for due consideration of different national realities, capacities and levels of development and respecting national policies and priorities”³¹⁵. We share both risks and rewards – or as Martin Luther King empathically put it: “we are caught in an inescapable network of mutuality, tied in a single garment of destiny. Whatever affects one directly, affects all indirectly”³¹⁶. And as such there is a need for modern multilateralism to flourish, with the 2030 Agenda accordingly setting the scene.

³¹⁴ The full text is available at: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

³¹⁵ Filipa Correia, Philipp Erfurt, Julie Bryhn, p. 38

³¹⁶ The quote is referenced in the article of Alex Gray, 7 Martin Luther King quotes that resonate today, World Economic Forum, 16th of January 2017

5.2 Multilateralism in times of pandemics – what shared values are left? Insights from the Covid-19 experience

The advent of the global pandemic at the beginning of 2020 had an unexpectedly strong impact on the life we were used to enjoy and deprived many people undeservedly of a dear family member. The coronavirus will continue to dominate our thoughts, media and policies for a long time, having created dramatic implications for our social relations, where a strict distancing keeps being the “new normal”, as well as for our economies, brought on their knees due to frequent lockdowns and far-reaching limitations. Much could be said within this chapter, which as such would deserve a full publication. Furthermore, one has to bear in mind that the process is still and to a certain extent unpredictably evolving and that for both, single economies over the world as well as for our global economy the entire scale of consequences are not fully contoured, and the recovery programs not finalized yet. Taken all this into account, the reasonable focus and intention of this chapter relies in the essay to reiterate what happened during the initial stages of the pandemic outbreak, in order to scrutinize if a systematic change against the backdrop of the current concept for multilateralism emerges and if it could become a plausible compromise even for future conditions without emergency laws, extraordinary Leaders’ meetings and with a civil society, having to cope with the far-reaching reverberations.

At first glance, Covid-19 accelerated fragmentation and disorder: we all remember how our national governments have adopted “a slew of discriminatory, protectionist and beggar-thy-neighbor policies”³¹⁷ and abandoned globalization’s basic principles in favor of self-sufficiency, which led to trade barriers especially in the health and medical equipment sector. Single European countries declared their strategic vulnerability, in order to avoid having to share their stocks of lung ventilators, face masks or protective suites by temporarily abrogating the rules of the single market. In the USA President Trump first trivialized the pandemic, while later assigning the guilt for his own failure in reacting to the worldwide threat merely to China; these ongoing provocations finally allowed the strategic US-China rivalry to spill over into the global health debate, leading to a blockage of immediate decisive actions on Covid-19 within the UN Security Council. In the same way, they initially prevented also the G20 from orchestrating an economic recovery, culminating – at least temporarily – in an attitude of division and competition even among Western allies of the G7, whose like-mindedness cannot be considered as a basic and imperishable foundation any longer.³¹⁸ In fact, the UN General Assembly Resolution from the 2nd of April (Global solidarity to fight the coronavirus disease 2019 (COVID-19)) appears rather weak in expressing nine points on the recognition that the pandemic “requires a global response based on unity, solidarity and renewed multilateral cooperation”³¹⁹, as they all remain rather descriptive, while the world experienced

³¹⁷ Steward Patrick, Could the coronavirus pandemic revive international cooperation, *World Politics Review*, 29th of June 2020, p. 1

³¹⁸ *Ibidem*, p. 2

³¹⁹ UN General Assembly, 74th Session, Agenda item 123, Resolution adopted by the General Assembly on 2nd of April 2020 (74/270), p. 2

governments closing their borders and showing their naked national egoisms in driving the scramble for medical supplies on international markets, boosting protectionism and in some places even xenophobia.³²⁰

But let us reiterate how other fora with a habitually less controverse membership reacted. The attempts of the G7 – the Group of mostly in-agreement nations, in 2020 under US Presidency – astoundingly failed during its first round of negotiations, due to the USA’s insistence on a reference to the “China virus” or the “Wuhan virus”. This clearly pinpointed how the pandemic had accelerated negative trends in relation to a global order based on mutually respected basic principles as openness, peace and reciprocity. Thanks to a second effort G7 Leaders finally agreed on a brief joint Statement on Covid-19, issued only on the 16th of March 2020 – five days after the WHO had declared the virus the cause of a worldwide pandemic and with first G7 members already in a strict lockdown. In that occasion G7 Leaders expressed their conviction that “current challenges related to the COVID-19 pandemic need a strongly coordinated international approach, based on science and evidence, consistent with our democratic values”³²¹.

Similar appears also the G20 Statement on Covid-19, issued in occasion of an Extraordinary G20 Leaders’ Summit on the 26th of March 2020, with its four main chapters, dedicating one specifically to “enhancing global cooperation” and with a final sentence showing clear commitment to multilateralism: “global action, solidarity and international cooperation are more than ever necessary to address this pandemic”³²². While the fact that WHO’s Director General Tedros Adhanom Ghebreyesus contributed with his remarks did not appear disconcerting at that time, along with the reference to a “free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment”³²³, only a few weeks later President Trump publicly announced the USA’s withdrawal from the WHO³²⁴ and the international community witnessed a more and more threatening attitude towards an open world economy, relying on a rules-based order and a multilateral system able to exercise collective problem-solving authority. Even the hopes reposed on China to show a full-hearted commitment to international cooperation in such an unprecedented circumstance gradually crumbled, as the Chinese leadership’s use of confrontational rhetoric sensibly and openly increased.

³²⁰ Stefan Lehne, “The current handling of the pandemic crisis thus indicates how difficult it will be to combat climate change effectively”, in: *The multilateral order post-Covid: Expert voices*, The Institute of International and European Affairs, 2020, p. 6

³²¹ First paragraph of the G7 Leaders’ Statement on Covid-19, issued on the 16th of March 2020, available at: <https://www.consilium.europa.eu/en/press/press-releases/2020/03/16/g7-leaders-statement-on-covid-19/#>

³²² Last paragraph of the G20 Leaders’ Statement on Covid-19, issued during the Extraordinary G20 Leaders’ Summit, 26th of March 2020, available at: <http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html>

³²³ Ibidem, last paragraph of the chapter on “Addressing international trade disruptions”

³²⁴ This happened on the 29th of May 2020

The interest of competing for world's pre-eminence in the aftermath of the pandemic, by "driving skepticism for interdependence, cooperation and openness"³²⁵ has been the subliminal trigger for shifting the tone of the message of collaboration to one of opposition. Indeed, the international community had to forbear until the 1st of July 2020 to assist to the adoption of the UN Security Council Resolution 2532, demanding "a general and immediate cessation of hostilities in all situations on its agenda"³²⁶, well aware of the likelihood that the unparalleled extend of the Covid-19 pandemic could endanger the maintenance of international peace and security. The difficult negotiation process was driven by the more and more obdurate animosities of the USA under the Trump administration, insisting on its trade war against China and its preference for bilateralism, putting "America first" versus the emerging and constantly accretive "wolf-warrior-diplomacy" of China, named after the homonym Chinese action blockbusters and characterized by its strident and offensive tone to defend proper national interests, which has lately given reasons to worry about this aggressive style eventually becoming the new norm.³²⁷

For some experts the outbreak of Covid-19 has therefore undeniably "laid bare the limits of a governance architecture that merely monitors and suggests, rather than enforces"³²⁸. This applies when considering the fierce debate about and the maneuver around the WHO and its global membership, or also with regard to the efforts on the COVAX initiative, the vaccines pillar of the Access to Covid-19 Tools (ACT) Accelerator, co-led by GAVI (Global Alliance of Vaccines and Immunizations), CEPI (Coalition for Epidemic Preparedness Innovations) and the WHO, whose membership the Trump administration prominently refused, calling the initiative "too constraining"³²⁹. Another aspect that deserves constant monitoring relates to the looming question on how to deal with debt reliefs of developing countries in their efforts to withstand the impact of the virus and the recovery of their economies. IMF and World Bank have urged the G20 to bring the Debt Service Suspension Initiative (DSSI) into being, with its main aim to help countries concentrating their resources on fighting the pandemic and safeguarding the lives of most vulnerable people, through an accurate monitoring of spending, the enhancement of public debt transparency and by ensuring prudent borrowing.³³⁰ While G20 Leaders reiterated their pledge towards an immediate implementation of DSSI again during the last G20 Summit under the Presidency of Saudi Arabia, on the 21st and 22nd of November 2020, the declaration also includes a reference to an examination by financial ministers and central bank governors in Spring 2021 to jointly debate on the need to extend the initiative for another semester.³³¹ However, international experts are eyeing the situation

³²⁵ Nathalie Tocci, "Covid-19 could be the final nail in the coffin of a rules-based international order", in: *The multilateral order post-Covid: Expert voices*, The Institute of International and European Affairs, 2020, p. 8

³²⁶ United Nations Security Council, Resolution 2532, adopted on the 1st of July 2020, point 1, p. 2

³²⁷ Zhiquan Zhu, Interpreting China's "Wolf-Warrior-Diplomacy", *The Diplomat*, 15th of May 2020, available at: <https://thediplomat.com/2020/05/interpreting-chinas-wolf-warrior-diplomacy/>

³²⁸ Nathalie Tocci, p. 8

³²⁹ Voice of America News (VOA News), WHO says 184 countries have now joined COVAX Vaccine Program, 19th of October 2020

³³⁰ More information is available at World Bank's dedicated portal to the DSSI: <https://www.worldbank.org/en/topic/debt/brief/covid-19-debt-service-suspension-initiative>

³³¹ Check paragraph 7 of the Leaders' Declaration of the G20 Riyadh Summit, 21st-22nd of November 2020

suspiciously, especially against the backdrop of China's posture versus the IMF and its future availability to coordinate with other creditor nations in the years ahead.³³²

Overall, the fact that Covid-19 has been holding up a magnifying glass to deep- and hard-set structural problems in the global governance architecture has somehow served also as a wake-up call for the international community of policy makers to react against the replacement of multilateral agreements by bilateral deals or the substitution of multilateral rules by rules for likeminded or geographically proximate countries.³³³ An example in this regard is represented by Europe, that – after initial difficulties putting a common response and a manifestation of solidarity severely at risk – managed to successfully find its way in affronting the complex situation by joining forces. Admittedly, it took the European countries quite some time to metabolize the principle repeatedly described by Nobel Prize Winner Abiy Ahmed Ali on the impossibility to fight an enemy that extends far beyond national borders with measures that are confined to single states. By looking at some now implemented solutions more in detail, one could consider the European Commission's initiative called SURE (Support to mitigate Unemployment Risks in an Emergency), announced by President Ursula von der Leyen on the 2nd of April 2020. This *ad-hoc* designed instrument is targeted at protecting people's jobs, providing temporary financial assistance, in the form of loans granted on favorable terms from the EU to Member States, of up to € 100 billion in total. These loans can specifically support Member States required to cover huge costs directly related to the creation or extension of national short-time work schemes or similar measures in place for the self-employed, as a response to the rampant crisis Europe was experiencing. An interesting detail is the provision of € 25 billion of guarantees voluntarily committed by Member States to the EU budget to leverage the financial "firepower" of the newly established initiative³³⁴, while to finance the rest the Commission has been issuing social bonds, providing investors with confidence that the funds mobilized would serve a truly social objective. At the end of 2020 a total of € 90.3 billion in financial support to 18 Member States has been approved by the European Council, with nearly € 40 billion already disbursed.³³⁵ Suffice it to recall also Europe's budgetary debates during the second semester of 2020, which gave birth to "Next Generation EU" – the massive Covid-19 recovery package, amounting to a total of € 750 billion, falling in grants and loans with its capital raised on financial markets and a repayment period extended until 2058. Its centerpiece is represented by the Recovery and Resilience Facility launched under the paradigm "Investing in a green, digital and resilient EU"³³⁶. While the focus on the related and often fierce debates were certainly on fighting the effects of the pandemic, issues as the restoration of the rule

³³² Anthony Dworkin, How to repair multilateralism after Covid-19, European Council on Foreign Relations, 22nd of May 2020, penultimate chapter

³³³ Homi Kharas (and others), The future of multilateralism: Towards a responsible globalization that empowers citizens and leave no one behind, G20 Insights, 10th of June 2020

³³⁴ SURE Factsheet, European Commission, available at: https://ec.europa.eu/info/sites/info/files/economy-finance/sure_factsheet.pdf

³³⁵ European Commission, Portal on Funding mechanisms and facilities: SURE, available at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

³³⁶ Useful infographics on Next Generation EU are available on the website of the Council of the European Union: <https://www.consilium.europa.eu/en/infographics/ngeu-covid-19-recovery-package/>

of law in some European countries as Poland and Hungary came to surface and had to be collaboratively tackled by the European Union.³³⁷ Apart from the initial *faux pas* today the European Union is providing an example on how to jointly address the Covid-19 consequences, moving towards “multilateral solutions that speak with a single, coordinated and coherent voice”³³⁸, be it from an economic recovery point of view, but also with regard to vaccines’ distribution and administration, which is one of the major challenges countries around the globe are currently facing.

Some experts consider the advent of the pandemic a once-in-a-lifetime chance to explore realistic options for an update of the global governance model and the multilateral system, moving forward and adapting to the new reality, while maintaining the useful key foundations of the old ones. A prominent step forward on how to achieve success relies in building new coalitions³³⁹ as one effective measure in support of cooperation for sustainable multilateral systems and for the creation of resilient supply chains. For this purpose, Japan, India and Australia have issued a dedicated Statement (Australia-India-Japan Economic Ministers’ Joint Statement on Supply Chain Resilience) on the 1st of September 2020.³⁴⁰ Another example is the Joint Declaration from the Alliance for Multilateralism³⁴¹ (We need strong collaboration and solidarity to fight Covid-19), delivered already on the 25th of May 2020 and signed by 61 countries from all continents. This document goes into detail on the diverse challenges the pandemic has bestowed: next to the health, the economic and the financial challenge, it also considers the information challenge and the prevention challenge, by admitting that “we are only as strong as the weakest link in the global health system” and by reiterating proper commitment towards the UN 2030 Agenda and the Paris Agreement, striving to “recover better”³⁴². “Building back better”, with its central focus on well-being and inclusiveness is also OECD’s topmost maxim with regard to a sustainable and resilient recovery after Covid-19.³⁴³ An important impetus was given finally also by UN Secretary General António Guterres, in occasion of the Economic and Social Council high-level segment. During his remarks tackling the question around “What kind of UN do we need at the 75th anniversary” he characterized a suitable multilateralism as one based on powerful ideals and objectives, enshrined in the UN Charter and built on trust, relying on its turn on international law. Furthermore, the multilateralism of the 21st century has desirably to be “networked” and “inclusive” by taking critical contributions from all stakeholders into account. This appears to finally lay the foundation for an “effective multilateralism with the mechanisms

³³⁷ Lily Bayer (and others), Orban: Agreement close on rule of law in EU budget battle, Politico, 8th of December 2020

³³⁸ Alexander Maximilian Hiedemann, Covid-19 and the crisis of multilateralism, SDA Bocconi School of Management Publishing, 28th of October 2020, p. 2

³³⁹ Ryosuke Hanada, “A turning point for the free open and rules-based order in the Indo-Pacific”, in: The multilateral order post-Covid: Expert voices, The Institute of International and European Affairs, 2020, p. 10

³⁴⁰ The Statement is available at: <https://www.meti.go.jp/press/2020/09/20200901008/20200901008-1.pdf>

³⁴¹ The Alliance for Multilateralism, launched by the French and German Foreign Ministers in 2019, defines itself as “an informal network of countries united in their conviction that a rules-based multilateral order is the only reliable guarantee for international stability and peace and that our common challenges can only be solved through cooperation”. More information is available at: <https://multilateralism.org/>

³⁴² Joint Declaration of the Alliance for Multilateralism “We need strong global cooperation and solidarity to fight Covid-19”, launched on the 25th of May 2020, available at: <https://www.auswaertiges-amt.de/en/newsroom/news/alliance-multilateralism-covid19/2333394>

³⁴³ The OECD has launched a dedicated Covid-19 hub, a repository of policy responses and recommendations, accessible at: <http://www.oecd.org/coronavirus/policy-responses/building-back-better-a-sustainable-resilient-recovery-after-covid-19-52b869f5/>

it needs to make global governance work where it is needed”³⁴⁴. Indeed, even Columbia University Professor Jeffrey D. Sachs advocates for such an effectiveness. By amending Kindleberger’s thesis in one vital way he calls on the international community not to seek a single country or region to step into the gap that the former hegemon (the USA) left, while replacing the American leadership by an effective multilateral system operating under the UN Charter. By defining our abiding purpose, Sachs strongly emphasizes “defending, protecting, preserving, and supporting the multilateral system should be the imperative of our times. Unilateralism is countered not by more unilateralism but by multilateralism; not by enmity but by cooperation”³⁴⁵. This imperative certainly poses high burdens on our Leaders, faced with complete unpredictability, imperfect information, multiple unknowns, and the necessity to identify policy responses as quickly as possible. All these elements require adaptive leadership skills, as for example evidence-based learning and adaptation or an inclination towards a strengthened transparency, inclusion, and accountability.³⁴⁶

In conclusion: Covid-19 has been and continues to be the greatest threat to humanity in modern times with its social and economic repercussions for years and decades to come and the necessity to jointly shape and review long-term recovery and resilience plans. Is the pandemic – as a side-effect – successfully giving birth to a more balanced, representative rules-based international order, similar to a new phoenix rising from its ashes? For now, this will remain an unfathomable conundrum of our era. The pandemic certainly provided a notable amount of food for thought for the global community to reconsider current trends, attitudes, basic principles, dangers, advantages, as well as potential new approaches and solutions.

³⁴⁴ António Guterres, Multilateralism after Covid-19: What kind of UN do we need at the 75th anniversary, UN Portal, 17th of July 2020, p. 1

³⁴⁵ Jeffrey D. Sachs, Covid-19 and Multilateralism, Consilience, The Journal of Sustainable Development, 22/2020, p.5

³⁴⁶ Ben Ramalingam (and others), Five Principles to guide adaptive leadership, Harvard Business Review, 11th of September 2020

5.3 Does a multi-polar world need a multi-polar currency?

The digital transformation has given rise to many changes, ranging from automation in many sections of the production to smart mobility in cities. Emerging technologies have transformed the way we live, interact and work and this has shown far reaching impacts on our communities. Connectivity consolidation appears as relevant as investing in innovation to serve the globalized world with solutions to challenges that citizens encounter, regardless of their residence, age or beliefs. Let us for example consider the Internet of Things (IoT), with its uncountable devices around the world that are connected to the internet, all collecting and sharing proper data. Thanks to the addition of sensors a considerable level of intelligence is enclosed, allowing those devices to interact with each other and communicate real-time data without any need to involve human beings. The experts define this process also as “making the fabric of the world around us smarter and more responsive, merging the digital and physical universes”³⁴⁷.

As many people around the globe have shifted diverse personal activities and business processes online and take advantage of digital services by often simply relying on their smartphones, also financial transactions as for example payments or money transfers are about to undergo a change in their nature. Furthermore, a radical change in the financial innovation sphere has occurred, as a multitude of cryptocurrencies have emerged, putting especially the administrative and legal regulators under pressure, as it became their urgent priority to develop suitable frameworks which could fulfill the requirements of the new situation. The call for an “Internet of Money”³⁴⁸ became louder, referring to a decentralized financial system, able to “change the industry through the use of digital currencies and decentralized ledgers, allowing buyers and sellers to interact directly and with a high measure of anonymity and speed”³⁴⁹.

The accelerated pace of change has stimulated big social media platforms, able to count on a vast user community, to constructively develop innovative business models on how to take further advantage of being so closely attached to their users and transform them into clients for additional future services. While it would be worth to analyze the overall process of the creation and launch of cryptocurrencies from its early stage, this chapter only intends to shed some light – through a brief case study – on one of the most prominent initiatives that have been internationally promoted to foster the idea of developing an electronic wallet with integrated financial services: Facebook’s Libra, which caused worldwide sensation and has been broadly considered as “one of the most ambitious cryptocurrencies ever conceived”³⁵⁰.

³⁴⁷ Steve Ranger, What is the Internet of Things, ZD Net, 3rd of February 2020, first paragraph

³⁴⁸ Andreas M. Antonopoulos, The Internet of Money, Seattle, 2016

³⁴⁹ Chalmers Brown, Exploring the Internet of Money, Forbes, 3rd of May 2016, p. 1

³⁵⁰ Jin Hansegawa, Libra: The New Global Currency, KDP, Seattle, 2019, introduction

5.3.1 Presenting Facebook's Libra

Within a formal White Paper, Facebook through its regulated subsidiary Calibra, together with a number of other actors, presented its plan to create more access to better, cheaper and open financial services, launching “a stable currency built on a secure and stable open-source blockchain, backed by a reserve of real assets, and governed by an independent association”³⁵¹. During its launch in June 2019, Calibra stressed the believe that several parts of the financial system still look like telecommunication networks prior to the internet, leaving a vast part of the global population cut off, as they are ‘unbanked’. While connectivity issues are on the radar in developed but also developing countries, a cryptocurrency seems to have the property to address the problem of accessibility. Emerging technologies as blockchain potentially allow distributed governance, an aspect that benefits the trustworthiness of the overall project. Furthermore, the community plays a central role in redesigning an inclusive global financial system for the 21st century, whose infrastructure could empower a tremendous number of people. To achieve this ambitious goal, Libra promotes the following approach on its new cryptocurrency:

1. It is built on a secure, scalable and reliable blockchain;
2. It is backed by a reserve of assets designed to give it intrinsic value;
3. It is governed by the independent Libra Association tasked with evolving the ecosystem.³⁵²

As far as the technology aspect is concerned, the Libra blockchain is supposed to be open source, designed on purpose and from scratch, representing a combination of innovative approaches and well-understood techniques, inviting the developer community to actively contribute, perform extensive testing and make the system as interoperable as possible. The aim behind backing Libra by a reserve of real assets (mainly dollars, euro, yen) is to assure converting it back into local currency based on an exchange rate, benefitting Libra's stability, allowing low inflation, gaining widespread adoption, trust and fungibility to preserve value over time. For this purpose, the reserve is supported by a network of trusted and authorized buyers and sellers of the currency. The Libra Association finally represents the governing entity, managing the reserve (being the only party able to create and destroy Libra), facilitating the operation of the blockchain (by coordinating the initial “validator nodes”) and promoting and expanding the network further. The Association is conceived as a non-profit membership organization with its headquarters in Geneva, Switzerland, comprising up to 100 diverse, geographically distributed and independent members from different stakeholder categories (businesses, non-profit and multilateral organizations and academy).³⁵³

³⁵¹ Libra White Paper, issued by the Libra Association Members, June 2019, Conclusion, p. 12, available at: https://libra.org/en-US/wp-content/uploads/sites/23/2019/06/LibraWhitePaper_en_US.pdf

³⁵² Ibidem, p. 3

³⁵³ Ibidem, p. 5-8

Initially and up to mid-September 2019 a group of 28 entities stood strong to support the launch of Libra, including six payment service enterprises, seven technology firms and marketplaces, two telecommunication firms, four blockchain companies, five venture capital firms, one research center and three NGOs, with the large majority being US-based.³⁵⁴ Founding members, with the exception of NGOs, provided a 10-million-dollar investment each to allow full asset backing from day one of the operations. Several withdrawals, among them prominent companies as Paypal, Visa, Mastercard, eBay and Booking have occurred prior to the launch of the Libra Association in Geneva on mid-October 2019, which finally saw 21 founding members engaged in the project.³⁵⁵ Observers immediately noted the absence of banks and commented the reluctance of big players as Apple Pay, Google Pay and Amazon.³⁵⁶

5.3.2 The other side of a crypto-coin and its reserve

While the overall idea behind Libra – to generate a more inclusive global financial ecosystem – can be doubtlessly shared by many people, several risks and regulatory challenges have caught the eye of diverse stakeholder groups. Especially central banks and public actors notified their broad range of concerns right after the project’s announcement. The impact of a privately owned blockchain, dealing with a cryptocurrency backed by a real-asset reserve stimulated the development of worrying future scenarios, where common values could not be protected, and the rights of individuals and businesses not safeguarded any longer. Under its G7 Presidency in 2019 France created a dedicated taskforce. Later both France and Germany declared their willingness to block Libra in their countries. China also expressed its criticism on the effects of the ‘made-in-USA’ cryptocurrency, having the potential to profoundly disturb financial stability and interfere in the international economic system, stating that it should therefore be banned.³⁵⁷

Research on potential consequences of the launch of Libra flourished, international organizations; including the OECD involved experts engaged in discussing future predictions and elaborating combined risk scenarios. If examining the project from a shared-values point of view, the analysis evidences five major risk categories:

- 1.) Political risks;
- 2.) Financial risks;
- 3.) Economic risks;

³⁵⁴ The full list is available at Libra White Paper, p. 4

³⁵⁵ Lauren Feiner, Facebook-led Libra Project announces its 21-member council after exodus of top payment companies, 14th of October, 2019, CNBC, available at: <https://www.cnbc.com/2019/10/14/facebook-forms-its-cryptocurrency-council-after-key-backers-drop-out.html>

³⁵⁶ Steven Levy, Gregory Barber, The Ambitious Plan Behind Facebook’s Cryptocurrency Libra, Wired, 18th of June 2019

³⁵⁷ Reuters, Emergency markets need more say on digital currency: Chinese official, Reuters Technology News, 28th of October 2019, available at: <https://www.reuters.com/article/us-china-fintech-currency/emerging-markets-need-more-say-on-digital-currencies-chinese-official-idUSKBN1X70XY>

- 4.) Technical risks and
- 5.) Ethical risks and those related to regulation.³⁵⁸

A primary risk posed by the creation of Libra relates to national monetary sovereignty issues, given the potential impact that the creation of a supra-national currency could have on the global financial system. The management of monetary policies must remain under the control of Central Banks. While the project is presented to be a kind of a peer-to-peer system, in reality it turns out to be the opposite of a decentralized system³⁵⁹, given the huge power of the Libra Association, a private organization with an evident over-representation of Western countries, mostly from the USA.

Concerning its financial risks, several demands on clarity from public institutions and the banking system referred to the challenge of the regulatory umbrella, especially when considering aspects of financial stability versus volatility of the currency, jeopardizing its convertibility. Even without going back to the 1929 crisis and the Bretton Woods agreements, introducing a fixed but adjustable exchange rate system, one should keep the reasons on launching the Basel III agreements³⁶⁰ in mind, with their aim to make the monetary system more stable and regulated based on international consensus. Furthermore, the Libra project could open the systematic risk of a bank run in case of cyber-attacks, fraud or panic. Compared to banks, the Libra system does not answer the question on how to avoid failures in this regard, while the “safety of a bank in a traditional system is controlled by the regulator following very specific steps, and it is based on the computation of a capital requirement encompassing the risks the bank faces”³⁶¹. Also, the problem of money laundering remains a critical aspect, as Libra could easily become a channel for “dirty-money”³⁶².

When reflecting on economic risks, what catches the eye is the oligopolistic digital market structure of Libra, as none of the actors involved seem to be able to keep the others from having influence, being all of them private players. This challenges competition policies as well as taxation issues, given the fact that as exchange fluctuations cannot be totally avoided (even if Libra is backed by a fiat currency reserve), taxes will apply to capital gains. What regulation would be applied to those? Do they escape global regulation? And which fiscal administration has the jurisdiction in this case?³⁶³

On the technical risks, experts made an all-encompassing analysis, listing weak aspects of the proposal. They include unplanned program behaviors (as operational failures or code vulnerabilities), operational risks (cyber-attacks, fraud, hacking) and systematic risks (failure or updates of the Libra protocol). While the White Paper pledges interoperability, at the moment no exhaustive information on other platform’s

³⁵⁸ Louis Abraham, Dominique Guegan, *The other side of the Coin: Risks of the Libra Blockchain*, Centre d’Economie de la Sorbonne, 2019

³⁵⁹ *Ibidem*, p. 24

³⁶⁰ More information on the Basel Framework is available at: <https://www.bis.org/bcbs/basel3.htm>

³⁶¹ Louis Abraham, Dominique Guegan, p. 26

³⁶² Christian M. Stiefmüller, *Libra: Heads I win – tails you lose*, A Finance Watch Paper, July 2019, available at: https://www.finance-watch.org/wp-content/uploads/2019/07/Libra-Paper_Finance-Watch_EN.pdf

³⁶³ Chris Giles, *Lawyers warn of Facebook’s tax risks in Europe*, Financial Times, 1st of July 2019

involvement or protection from vendor lock-ins is provided.³⁶⁴ But the most vulnerable aspect of the system from a European perspective in particular and in addition to the impossibility to establish the liability of single actors in the case of fraudulent transactions for technical reasons, is the issue on data collection, storage and use of personal data, which has to be in compliance with the Data Protection Directive (GDPR) applied in the European Union. This sheds light both on the data storage and privacy aspect, as well as on the implementation of anti-money-laundering laws for the benefit of financial transparency.³⁶⁵

Last but not least ethics and regulatory aspects referring to the need of implementing an efficient and effective control system on Libra's governance by Governments, to prevent from moral hazards and to enable risk measurement, have to be addressed. Under this chapter also fall aspects as data ownership, confidentiality, and the need for consumer protection³⁶⁶, once considered that Libra is a privately issued financial asset, offered by a "limited-liability corporate venture set up in Switzerland"³⁶⁷. Opponents of Libra argue in fact that Facebook used the technical complexity of the project "as a smokescreen to hide the absence of clear rules for the governance of the network"³⁶⁸, presented as open source and involving the community for the sake of stimulating a more inclusive global financial ecosystem, while it turns out to be rather centralized and controlled by a very limited number of global corporations headquartered in the USA. It was finally the US Congress to ask Facebook in a dedicated hearing to put the development of the project on hold, laying out grievances and expressing overall skepticism. As the company failed repeatedly on issues of national importance in the past, the House prefers to have those risks the international economy would be confronted with duly evaluated by internal experts.³⁶⁹ Media articles dated March 2020 informed about an upcoming effort to woo reluctant global regulators with the final aim to rebuild momentum, based on a revamp of the project, that focuses now mainly on creating a worldwide payment network, operating different coins.³⁷⁰

5.3.3 Shared values can require a change of perspective

Considering pros and cons of Facebook's proposal in the frame of this research project has had the scope of evidencing the rapid pace of change that multilateral discussions can walk through. While aspects as the national monetary sovereignty, financial stability and the fight against the illicit use of money can be definitely defined as a shared value proposition, the Libra project as such has touched on a sore point,

³⁶⁴ Louis Abraham, Dominique Guegan, p. 27

³⁶⁵ OECD, Implementation of the OECD Privacy Guidelines: revised interim report, April 2020

³⁶⁶ As European Commission's Vice-President Dombrovskis explained, the answers provided by Facebook remain "insufficient for determining the precise nature of Libra and, by extension, its relation with existing EU law", available at: https://www.europarl.europa.eu/doceo/document/E-9-2019-003614-ASW_EN.pdf

³⁶⁷ Christian M. Stiefmüller, p. 4

³⁶⁸ Louis Abraham, Dominique Guegan, p. 29

³⁶⁹ Makena Kelly, Congress isn't buying Mark Zuckerberg's pitch for Libra, The Verge, 23rd of October 2019

³⁷⁰ Joe Light, Benjamin Bain, Olga Kharif, Facebook Weighs Libra Revamp to Address Regulatory Concerns, Bloomberg, 2nd of March 2020

namely, to challenge the status quo of the current financial system, calling all actors, especially legislators and Central Banks to deal with the innovation brought by its underpinning idea. Fostering the inclusiveness of the global financial ecosystem shall be a goal of an ‘illuminated’ multilateralism of today, which requires adequate responses to common challenges and global governance models. One question remains: would we find an agreement on launching a new “synthetic hegemonic currency”³⁷¹, that might appropriately replace the dollar when it comes to international payments, as suggested by Bank of England’s Governor Mark Carney in an interview dated August 23rd, 2019, with his thesis that the excessively dominant dollar represents a barrier to global trade?³⁷²

Changing perspective has brought about the possible launch of a European ‘Central Bank Digital Currency’ (CBDC), whose feasibility is currently assessed by experts. By confirming the concept of international cooperation, a taskforce with counterparts from Canada, England, Japan, Sweden, Switzerland and from the Swiss-based Bank of International Settlements is currently examining use cases of CBDCs, promoting cross-border interoperability.³⁷³ The aim is to overcome the bottleneck of an international currency not being backed by a fiscal authority able to provide liquidity in times of crisis and collect taxes in case of capital gains.

This marks just the beginning of a new era compelling a dynamic approach towards the multilateral process in a multi-polar world, conscious of the fact that new global challenges require globally applicable solutions, flexible enough to consider along with the relevant public authorities also our vibrant communities with their needs and legitimate requests to modernize the global financial ecosystem and adapt it to its purpose in the 21st century.

³⁷¹ Louis Abraham, Dominique Guegan, p. 29

³⁷² The related article has been published by The Guardian, Mark Carney: dollar is too dominant and could be replaced by digital currency, 23rd of August, available at: <https://www.theguardian.com/business/2019/aug/23/mark-carney-dollar-dominant-replaced-digital-currency>

³⁷³ Press release of the European Central Bank, Central Bank Group to assess potential cases for central bank digital currencies, 21st of January 2020, available at: https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200121_1~e99d7946d6.en.html. China is in the course of issuing its digital government currency as well, while also Iran has similar plans, by indexing its currency to the Rial, and Russia and Venezuela launched currencies indexed in relation with either the country’s oil reserve or the price of a barrel.

6. Future scenarios to overcome the “my-country-first”-mentality

6.1 Reform of the multilateral apparatus – IMF, OECD, WTO: defunct or to be reinvented?

The advent of the Covid-19 pandemic has been a rampant example on how difficult it is to make multilateralism work. The context of such an unprecedented global health crisis, impacting all economies over the world, has further exacerbated the difficult situation in which multilateralism is finding itself, with States closing borders, disengaging in global value chains, and questioning international solidarity as an undisputed characterizing element of humankind. The risk that multilateralism could simply atrophy appears somehow defeated, now as Biden took over the lead in the United States, breaking the increasingly unilateralist and transactional posture the Administration under Trump had adopted.³⁷⁴ But even before Trump’s election and prior to the vast outbreak of the health crisis with its dramatic impact also on other areas of global cooperation, as for example trade, debit, financial flows and migration, the concept of multilateralism as the “greatest source of legitimacy and inclusiveness in the international system”³⁷⁵ was put under enormous threat. An unparalleled decision remained the one Trump took to pull out the USA of the World Health Organization, right in the middle of a global pandemic, by openly advocating for competition instead of collaboration, while all eyes were looking at finding a world’s public health response. His attempt to praise unilateralism by withdrawing from international affairs and freezing urgently needed US funds has translated into an invitation, allowing China to step into the leadership void, thanks to a donation of a sensible amount of money, as well as by sending doctors and medical supply to developing countries, particularly to Africa. In times of pandemic this might appear reasonable, but in the long run it leaves pretty much space to the “Middle Kingdom” to shape multilateral organizations around values and interests that Europeans generally do not share.³⁷⁶ The Biden administration is trying to make a U-turn and bring US diplomacy on track according to former values and traditional methods again, but it is expected that the US-China rivalry will continue to simmer subliminally and harm the already fragile international system. This might give a push to Europe and develop into a fruitful moment: in fact, after initial national egoisms (to place for example restrictions on medical supply and equipment exports), the European Union is managing to mostly stand strong together, value the solidarity principle and collaborate on a coordinated approach to vaccine distribution and economic recovery packages. This shall hopefully contribute to stopping the dynamic that – due to the current absence of global leadership – multilateral institutions have become battlegrounds³⁷⁷ on

³⁷⁴ Jutta Brunée, *Multilateralism in crisis*, Cambridge University Press, 2019

³⁷⁵ Edward Kwakwa, *The future of multilateralism*, American Society of International Law, 2019, Extract, p. 1

³⁷⁶ Anthony Dworkin, *How to repair multilateralism after Covid-19*, European Council on Foreign Relations, 22nd of May 2020

³⁷⁷ *Ibidem*, p. 3

primacy, which undermine global stability and cooperation mechanisms on vitally important issues as public health and security.³⁷⁸

But by moving our attention away from the crisis triggered by the coronavirus, shedding light on the state-of-the-art of the international organizations and their influence on policy making, one has to acknowledge that in recent years their role and influence have been fading quickly. The multilateral apparatus appears to be unsuitable for the 21st century to a certain extent, unwieldy and inappropriately foreign to the challenges our interconnected world is witnessing. Experts have engaged in detailed, often even exhausting debates on how to stand up against the watering down of international organizations' influence and power, as well as the crumbling away of the effectiveness of multilateral agreements.

But if observed with accuracy and the deserved rationality, there are in fact three main reasons underpinning the dynamic that the traditional international governance model is currently facing. First of all, selected bodies of the multilateral apparatus have become simply obsolete. As such, this is not a negative note at all, given the fact that many bodies created within the United Nations system have commendably achieved their mandate.³⁷⁹ This is the case with poverty alleviation and in part with development issues and the targets set right after World War II. On the other hand, the 21st century is recording the emergence of new and therefore unexpected challenges, which could not be on the radar at the times when those bodies were created, requiring an adaptation to the situation our society is currently experiencing. A prominent example for this is climate change: whose competence would it be at the international level and what kind of recommendations could an international body in today's world order fruitfully express?

A second aspect relies in the fact that global society as such has moved into "something less homogeneous" than it appeared at the time of the Bretton Wood Conference. Authors in many instances and on numerous occasions are disputing if to call this a "multipolar" or a "multiplex" world³⁸⁰, which certainly is an interesting exercise to meaningfully understand geopolitical diplomacy and its effects today. This could at least partially explain the trend that cannot be denied any longer, where big players are more prone to resolve matters bilaterally, weighing up their temporary dominance from a geopolitical or a market access point of view. To mention a few examples: the trade war between the USA and China on import tariffs, the conflict management in Syria (with Russia and Turkey seeking continuous confrontation) or the territorial disputes in the South China Sea (leading to severe tensions among the Philippines and Vietnam versus China) have clearly pinpointed the limits of the current functioning

³⁷⁸ Kishore Mahbubani, *Has China Won: The Chinese Challenge on American Primacy*, PublicAffairs, 2020

³⁷⁹ Michael O'Sullivan, *The Levelling: What's Next After Globalization*, Public Affairs, 2019, p. 262-265

³⁸⁰ Amitav Acharya, *After Liberal Hegemony: The Advent of a Multiplex World Order*, Ethics and International Affairs, September 2017, p. 2

mechanism of the UN system – especially its Security Council – and nurtured feelings of helplessness in the international community concerning consistency with the rules-based international order.

A third consideration stems from the analysis on how the world has been responding to the emergence of new power constellations over the last two decades, which led to an open evaluation of pros and cons and in some cases also to a full cooperation with organizations, that represent an alternative to the Bretton Wood system. Especially in the Asia-Pacific region – with ASEAN as its lynchpin – the dynamics of creating substitutes for institutions with too much of a Western stamp has been remarkably strong.

While the activities of the Asian Infrastructure Investment Bank (AIIB), the Belt and Road Initiative (BRI) or the Regional Comprehensive Economic Partnership (RCEP), whose ratification also includes three non-ASEAN countries and elevates it to the world's largest free trade pact, are duly covered by mass media, informing the public opinion, less spotlight is put for example on the Shanghai Cooperation Organization (SCO)³⁸¹, a permanent intergovernmental international organization, formally established already in 2002 by the signature of the Shanghai Cooperation Organization Charter³⁸², which entered into force a year later. Today the organization comprises eight Member States (China, India, Kazakhstan, Kyrgyzstan, Russia, Pakistan, Tajikistan and Uzbekistan), as well as four Observer States, thriving for full membership (Afghanistan, Belarus, Iran and Mongolia). Six additional countries are strongly engaged with the organization as “dialogue partners” (Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka and Turkey). While SCO's initial focus was mainly on security cooperation (including military, intelligence sharing and counterterrorism), also cultural cooperation and economic collaboration have become popular and enjoy increasing relevance and attention. The fact that in the occasion of the Summit in June 2019 the group pursued a debate, initiated by the Pakistani Prime Minister Imran Khan, on the possibility to build a market of local currencies among SCO Members, replacing the US dollar, shows the commitment of the institution to play a major role also in the future, well aware that the region has the potential to step up, leaving no doubt on its willingness to take leadership on an international scale. Experts have looked at the geopolitical nature of the organization since its inception, expressing different views on its importance and final aim. Their considerations range from counterbalancing the activities of the USA and NATO in Central Asia³⁸³, an idea which gained momentum after the unanimous denial of the observer status to the USA in 2005, to ensuring that liberal democracy is excluded from gaining ground in SCO's member countries.³⁸⁴ A recurring topic in Summit debates tackles the aspect of how to align the current multilateral apparatus, elaborating on how a rational and representative world order should look like today, given that more than 50% of humankind is represented within SCO's

³⁸¹ The English presentation of the Secretariat, based in Beijing, is available at: http://eng.sectsc.org/about_sco/

³⁸² The text has been filed and registered in 2013 with the Secretariat of the United Nation as multilateral agreement and is available also in English at: <https://treaties.un.org/doc/Publication/UNTS/Volume%202896/Part/volume-2896-I-50517.pdf>

³⁸³ Hamid Golpira, Iraq smoke green, Tehran Times, 20th of November 2009

³⁸⁴ Thomas Ambrosio, “Catching the ‘Shanghai Spirit’: How the Shanghai Cooperation Organization Promotes Authoritarian Norms in Central Asia”, in: Europe-Asia Studies, 60, October 2008

membership. Since 2005 the organization is addressing its concern on the contradictory process of globalization, inviting its members to reflect and support the development of a new model of geopolitical integration, which is appropriate for the current global power distribution.³⁸⁵

This pinpoints the central aspect of this research again: questioning the overall representativeness of our international organizations in their current shape, as well as their level of being adequate to administer the common public goods in the 21st century. The frame of this research does not allow for a fully-fledged and in-depth study on a representative number of international organizations, which would deserve a much more detailed analysis in this context. But the following reflections on three major multilateral organizations (IMF, OECD and WTO) allow to crystalize common features of what needs improvement and show approaches on how to reinvent their mission and ambition in order to contribute to the reshaping of a rules-based international order.

The first case study intends to shed light on the International Monetary Fund (IMF), formed in 1944 and brought into formal existence in 1945 with the task to foster global monetary cooperation for the benefit of securing financial stability. Without listing all the fruitful results, the organization with its current 190 member countries has achieved, the attention in this chapter is focused on a critical check on how the future of this organization could look like and if it is threatened by current developments. While IMF stood alone in laying the foundations for stabilizing monetary cooperation in the post war period, today the scenario is a different one: central banks have conquered a cardinal role in dealing with former core activities of IMF, with other players as development institutions and private capital providers on the horizon, too. Furthermore, additional options for governments in need to access loans are provided by multilateral development banks, as for example the Asian Infrastructure Investment Bank (AIIB) with its 103 approved members. The institution is headquartered at Beijing and active since 2016, pursuing to invest “in sustainable infrastructure and other productive sectors in Asia and beyond”, in order to “better connect people, services and markets that over time will impact the lives of billions and build a better future”³⁸⁶. The geopolitical structure of AIIB’s membership is extraordinarily various, including next to China, India, Russia and Brazil also all major economies of the European Union, as well as countries from the Middle East, Latin America and Africa, while the USA is the only large economy missing on the list. What AIIB managed in recent years is to put a sustainable and inclusive growth strategy in place, that increased its awareness and visibility. A co-financing framework agreement with the World Bank, as well as with numerous private financial institutions is in place and its credit rating reports rank unanimously high, defining the AIIB as financially stable (AAA, rated by S&P, Moody and Fitch). Another emerging structure is BRICS’s New Development Bank (NDB), established in occasion of the

³⁸⁵ P. Krishna Mohan Reddy, “Afghanistan’s Political Future”, in: *World Affairs*, 17/4, 2013, p. 130-147

³⁸⁶ See the introductory description at: <https://www.aiib.org/en/about-aiib/index.html>

6th BRICS summit in 2014 with the specific aim to “mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries”³⁸⁷. NDB’s headquarters are again based in China, Shanghai, and BRICS’s Leaders stressed the intention to increase – thanks to the resources made available – particularly the cooperation among BRICS countries for the benefit of “a collective commitment for achieving the goal of strong, sustainable and balanced growth”³⁸⁸. The glue among all these rather newly established multilateral development banks relies in the approach to focus on sustainable and balanced growth, a clear reference for its beneficiaries. This should signal the IMF to engage in some self-criticism, especially looking at past experiences with loan provisions, where IMF-imposed rules might have been too restrictive, requiring too many reforms at the same time, which – as a consequence – placed a heavy burden on the recipients. A prominent example here would be IMF’s intervention in Indonesia from 1997-1999³⁸⁹, as a response to the Asian Financial Crisis, where the over-optimization of economic growth and the inflexibility of IMF-imposed policies have led to longstanding discontent, describing the activities of the fund as “interference in a country’s internal affairs, support for a dictatorial regime guilty of crimes against humanity [...] and the development of mega-projects which simultaneously imply massive transfers of population, the plundering of natural resources for the profit of transnational corporations and aggressions against indigenous populations”³⁹⁰. If sustainable growth for Asia still implies keeping the dollar as universal currency is an open question, that during recent years and with the advent of cryptocurrencies and their impact on global financial markets lost its tabu-status. In this regard it is interesting to remember that during the Covid-19 pandemic gold increased its value, climbing to a historic height. While O’Sullivan is rather pessimistic on the future of the IMF, in need “to be overhauled, both in its structure and its expertise”, as “much of its role as a lender has been superseded by large central banks, development institutions, and private capital”³⁹¹, IMF Managing Director Kristalina Georgieva, instead, sees a new Bretton Woods moment, as the pandemic has led to an unprecedented economic calamity, requiring a strong “sisterhood and brotherhood of humanity”³⁹². Based on three imperatives (right economic policies, policies must be for people, focus on climate change), Georgieva is striving to spread assuredness and confidence for the future relevance of the institution she represents: thanks to the substantial resources (a one trillion dollar lending capacity), IMF is considering itself today as a protagonist in building a more sustainable and equitable world.³⁹³ Time will show how trends develop and if an eventual

³⁸⁷ See paragraph 11 of the Fortaleza Declaration, VI BRICS Summit, 2014

³⁸⁸ Presentation of the NDB on its web portal, “Essence”-Chapter, available at: <https://www.ndb.int/about-us/essence/history/>

³⁸⁹ International Monetary Fund, Recovery from the Asian Crisis and the Role of the IMF, June 2000, Box 3 (Indonesia)

³⁹⁰ Eric Toussaint, The World Bank and the IMF in Indonesia: an emblematic interference, CADTM, 13th of May 2020, p. 1

³⁹¹ Michael O’Sullivan, The Levelling: What’s Next After Globalization, Public Affairs, 2019, p. 264-265

³⁹² Kristalina Georgieva, A New Bretton Woods Moment, IMF portal, 15th of October 2020, available at: <https://www.imf.org/en/News/Articles/2020/10/15/sp101520-a-new-bretton-woods-moment>

³⁹³ Ibidem, conclusions

“geopolitical shift” in IMF’s leadership could at least partially restore its high respect and credibility in the Asia-Pacific Region.³⁹⁴

The second case study focuses on the OECD – established with a well-defined scope in 1961. While economic cooperation and development today continues to be an imperative and is considered a key principle for all experts dealing with the question on how to reshape global governance, OECD’s role has somehow lost its appeal. On one hand this is a result of the historical role of the organization³⁹⁵, having commendably reached many of its targets, on the other our world has evolved: many non-member countries have stepped up economically but without showing interest in joining the OECD. Last but not least, a founding country as the USA, especially under the Trump administration, appeared to move away from the interest to expand world trade “on a multilateral, non-discriminatory basis in accordance with international obligations”³⁹⁶, an attitude that fostered the skepticism and refusal of countries like India and China towards the Paris-based organization. Another not insignificant aspect relies in the core business of the OECD: collecting data from its member countries to carry out accurate benchmarking exercises and finally coming up with recommendations, which could support governments on their path towards evidence-based policy making. While this kind of activity has generally seen a notable proliferation, with a multitude of sector-specific private actors emerging³⁹⁷, access to real-time data has become more and more difficult for the OECD, having to follow the formal process of data collection and validation through dedicated national authorities of member countries. The internet, social media and the digital transition as a whole have contributed to an intensification of informal exchanges among experts, often creating alternatives to what the OECD is offering and – given the increasing tribute all governments are paying to a multi-stakeholder approach – other platforms have gained further relevance. Suffice it to say that with the advent of the global financial crisis the G20 came into being, a forum that experienced immediately a highly appreciated standing and reputation. In addition, BRICS grouped together, and also the European Union started performing similar economic analysis for its member countries as the OECD could offer. Notwithstanding this rather disheartening scenario, the OECD managed to somehow reinvent part of its mandate and activity, repositioning itself as informal, global Secretariat “acting as strategic advisor”³⁹⁸ to the annually rotating G20 Presidencies, that rely on the organization to assist them on their path of leading the Group of Twenty. In this way and thanks to the constant efforts of OECD Secretary General Angel Gurría, the organization continued to enjoy remarkable visibility throughout the different G20 Leaders’ summits and ministerial meetings, even those chaired by non-OECD countries, and remained a solid pillar of the global economic governance

³⁹⁴ Shinji Takagi, Look beyond Europe for the IMF’s new leader, EastAsiaForum, 18th of July 2019

³⁹⁵ According to Article 1 of the OECD Convention, available at: <https://www.oecd.org/general/conventionontheorganisationforeconomicco-operationanddevelopment.htm>

³⁹⁶ Ibidem, 3rd comma of Article 1.

³⁹⁷ European Environment Agency, EEA Technical Report, Global Governance: the rise of non-state actors, EEA Portal, April 2011

³⁹⁸ OECD, What is the G20, OECD, available at: <https://www.oecd.org/g20/>

architecture until today. OECD's global outreach as well as an intensified engagement with non-members – in particular with large emerging economies – is reaffirmed within the revised Council resolution on a new governance structure for the organization, which has been launched in 2015, signaling OECD's availability to act as global platform for the exchange of experiences and insights.³⁹⁹ But there is also another relevant aspect to keep in mind: thanks to its flexibility and aware of its fading influence, the organization decided to jump in ungoverned spaces becoming a facilitator for the discussions that would have necessarily arisen at international level.⁴⁰⁰ This key element has gained the organization the status of a reference point even in today's heterogeneous power distribution. A prominent example is the digital transformation and the collection of data and policy approaches on emerging technologies, as artificial intelligence (with its AI principles) or blockchain (launching a dedicated policy observatory), but also with regard to offering a forum for mediation on digital tax or on base erosion and profit shifting (BEPS), both against the backdrop of the significant impact of multinational enterprises. By keeping its research capabilities reasonably high and by engaging with experts from all over the globe (not focusing only on member countries), OECD has found a way to remain proactive and add value to today's international community. Another example worth to be mentioned is the Covid-19 hub – an online repository of member and non-member countries' responses and support measures launched to reinforce proper economies and society and strengthen resilience – which intends to work as a platform to exercise benchmarking of related policy initiatives in the near future. As outlined in its Global Relations Strategy, OECD is constantly following its strategic framework, adopted in 2005, concentrating on three aspects: 1) the contribution to the harmonious functioning of the global economy; 2) the promotion of shared prosperity and 3) the encouragement of shared knowledge for better public policy.⁴⁰¹ While this could leave space for a positive outlook on OECD's future existence, critic observers continue pointing to a key dilemma the organization is facing: how to balance the request of the one paying most of the bill (the USA) to have a stake on the political and sectoral agenda of the organization with what really matters for the global society? In fact, there is no obvious and easy answer on how an international organization can be fully defended “against great powers that are determined to use it for their own geopolitical ends”⁴⁰², with the USA having plenty of bargain power, given the fact that OECD is deeply depending on the provision of its funds and leaving proper leadership with their hands tied behind their back. Time will show if and to which extent the organization in its current shape is still relevant and able to contribute to the definition of a new world order based on internationally accepted rules and balanced with emerging power distribution and execution models.

³⁹⁹ OECD, Council Resolution on a New Governance Structure for the organization, OECD, 13th of July 2015

⁴⁰⁰ Michael O'Sullivan, *The Levelling: What's Next After Globalization*, Public Affairs, 2019, p. 263

⁴⁰¹ Find more information about the Global Relations Strategy at: <https://www.oecd.org/global-relations/globalrelationsstrategy/>

⁴⁰² Anthony Dworkin, *How to repair multilateralism after Covid-19*, European Council on Foreign Relations, 22nd of May 2020, p. 2

The last case study that could not be missing concerns the World Trade Organization (WTO). While the destiny of the institution, created only in 1995, would deserve a deep dive into current developments, the purpose of this chapter is only to briefly sketch to which extent its mandate appears to be still relevant and reflect on how the organization might get out of its current *impasse*. Since WTO's creation around 25 years ago, its membership has constantly increased, showing the centrality of its mission. On a positive note, today WTO disposes of a substantial coverage of nearly all trade-policy areas and can rely on a strong Secretariat, based in Geneva, as well as on a rather sophisticated, independent, and rules-based (two stage) dispute settlement mechanism. Conversely, since 1995 – even if it seems to be a relatively short time frame – the world experienced many changes, disruptive innovations, and a growing complexity with regard to our trading system: value chains have become more and more global, e-commerce with its own logic emerged, digital platforms dominate the market and noticeable powershifts have led to an always more acrimonious geopolitical rivalry. If we also add other emerging challenges, as for example those connected to cybersecurity, it appears that WTO's rules-book is simply outdated and not synchronized with the challenges of the 21st century global economy⁴⁰³. But not all is just related to the necessity of creating new rules: the WTO still faces major unresolved issues, be it regarding digital trade, fishery subsidies or support for State-owned enterprises. Another topic of open dispute targets the measures imposed by China pertaining to the transfer of foreign technology, for which the European Union acted as a complainant.⁴⁰⁴ As an overarching attitude, the new wave of protectionism – with important jurisdictions implementing major trade distorting measures over the last three years – has led to an “unwillingness of [WTO] members to report about the implementation of trade policies”⁴⁰⁵. And finally – as commonly known – due to the suspension of the Appellate Body, also the mechanism to settle trade disputes is severely compromised, with the USA blocking the replacement of vacancies and leaving the institution below the minimum members required to hear an appeal. In the light of the escalating trade war that the world has witnessed over the last few years, the argumentation around WTO reforms has become more and more central and popular in public debates, affirming the paramount importance of the institution's mission as such. All parties insist on showing potential openness to find a compromise, as demonstrated by the creation of the Ottawa Group in 2018, by a trilateral meeting in 2018 of trade ministers from the USA, Japan, and the European Union, as well as by addressing the necessity for a WTO reform within the BRICS statement in 2019, and in the occasion of many other prominent international fora, with the aim to keep the discussions alive.

In order to finally overcome the current unconstructive blockage, five key issues with diametrically opposite or sensibly controverse positions among member countries have been identified and need to be

⁴⁰³ Ngozi Okonjo-Iweala, Revising the WTO, Brookings, 22nd of June 2020

⁴⁰⁴ See all relevant information at https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds549_e.htm

⁴⁰⁵ Axel Berger, Clara Brandi, WTO Reform: The Role of the G20, German Development Institute, 31st of March 2020, p. 2

addressed: first of all, the dispute settlement mechanism, paralyzed by the USA, where a proposal by the European Union, together with China and India has been advanced already in 2018, aiming at consolidating the Appellate Body's independence.⁴⁰⁶ While the Trump administration disregarded all reform suggestions, leading to a temporary deadlock of this essential reform issue, eyes are placed on Biden's first moves and overall strategy towards finding a way around the roadblocks created by his predecessor. The second issue relates to WTO's special and differential treatment for developing countries, which is based on a self-designation approach, as WTO's rules do not include clear criteria to define their characteristics. On this purpose, it was the USA to put forward a proposal, suggesting the impossibility to hold on to this status, if the country in question is a member of the OECD or the G20, a high-income country, or in case it accounts for at least 0.5% of global merchandise trade.⁴⁰⁷ This undertake has been forthwith rejected by China, India and South Africa, but may become decisive in the "horse-trade" across the different controversial issues. Thanks to recent concessions of Taiwan, Brazil and South Korea, signaling their openness to revise their status in the WTO, indeed there might be space for a potential compromise, spurring in particular China, India and South Africa to give up their negative attitude. The third key aspect relates to the requirement to WTO members to submit notifications on their trade measures, allowing for an assessment of members' obligations under WTO agreements, which is currently disregarded by a constantly increasing number of countries and resulted in an undermining effect of WTO's role to secure transparency. Diverse attempts to include a clause of filing a notification within one year after the deadline in order not to be subject to sanctions failed, with India and South Africa at the forefront against the use of sanctions. While all countries agree on the importance of improving the transparency role at the WTO, both countries insisted on taking resource limitations of developing countries into account. Forging a compromise and finding a balanced solution might become object of a dedicated G20 debate, where enforcement rules and the question around the pondering of what type of information is really needed to file a notification could be treated in an environment where partnership and collaboration on a par have a precedent.⁴⁰⁸ A fourth issue tackles WTO committee work, as it needs to become more active and efficient. A proposal to relaunch procedural guidelines for WTO Council, groups and committee meetings⁴⁰⁹ has been endorsed by a number of members and does not seem to entail strictly controversial perspectives, paving the way also for a potential performance review of the different WTO bodies. The fifth key element on WTO's reform agenda deals with the necessity to update WTO trade rules in order to make them suitable to address key trade issues of the present and the future. Matters related to fisheries subsidies and subsidies for industries and technology transfer have to be reviewed in the attempt to make sure that permitted forms of state aid do not generate an unfair

⁴⁰⁶ WTO document WT/GC/W/753, November 2018

⁴⁰⁷ WTO document WT/GC/W/764, February 2019

⁴⁰⁸ Axel Berger, Clara Brandi, WTO Reform: The Role of the G20, German Development Institute, 31st of March 2020, p. 6

⁴⁰⁹ WTO document WT/GC/W/777/Rev.1, July 2019

advantage. But most importantly digital trade deserves urgent negotiations for a new agreement on rules to be applied in today's platform economy with its well-known giant players and market dominating positions. An underlying factor is represented by the need to find an accord on data governance, underpinning the digital trade's functioning system. As already pointed out in other chapters of this research, the debate around the concept of "data free flow with trust" when it comes to cross-border data flows, with its implications on interoperability, personal data protection and privacy, is still ongoing and clearly highlights the gap between regulations within the G20 and the discrepancies in the interpretation of related challenges. Until now, no proposal has been put forward that could generate a representative consensus; hope lies in the G20 with its dialogue-oriented nature promoting joint understanding and its function as a broker to find compromises on key controversial issues. The fact that diverse engagement groups contribute to this undertake by providing a multi-stakeholder view and engaging with civil society further nurtures positive expectation.⁴¹⁰ As ambassadors, trade negotiators and experts call for an effective, legitimate and inclusive multilateral trading system⁴¹¹, the G20 is becoming more and more aware of the crucial relevance of its work towards delivering a convinced anti-protectionist pledge. The moment is crucial to rebuild mutual trust and keep momentum for the necessary WTO reforms, which represent a major impetus to world governance. A systemic and multi-year collaboration agenda appears to be the only adequate proposal to promote and prioritize issue-linkages among G20 countries and WTO members to find compromises based on a bargain across different issue areas, curbing new forms of protectionism and finally bridging policy silos, thanks to a joint engagement of finance, environment and health ministers⁴¹², for the benefit of comprehensive reforms.

By looking at the WTO case from a critic American perspective, Edward Alden argues that it represents a potential prove of international organizations being able to keep national Leaders from doing economically harmful things spurred by domestic political reasons. As an example, he quotes the US trade deficit with China, that notwithstanding Trump's tariff imposture climbed up to the record level of 2008, while it stimulated Beijing – at the same time – to further back away from structural reforms in favor of state-led development.⁴¹³ While populist Leaders often complain international organizations would be tying their country's hands, reality has brought to surface another scenario: powerful countries have always been the largest users of the UN system, but are constantly tempted to calculate "that their sheer weight allows them to get their way more often than not"⁴¹⁴. But what the short-term perspective and the critics of international arrangements in general ignore is what Robert Putnam at Harvard has highlighted in this regard: those international commitments – inextricably entangled with national policies

⁴¹⁰ Axel Berger, Clara Brandi, WTO Reform: The Role of the G20, German Development Institute, 31st of March 2020, p. 8

⁴¹¹ UNCTAD, Making trade multilateralism fit for purpose after COVID-19, 30th of September 2020, available at: <https://unctad.org/news/making-trade-multilateralism-fit-purpose-after-covid-19>

⁴¹² Axel Berger, Clara Brandi, p.10

⁴¹³ Edward Alden, Preparing for a world without the World Trade Organization, World Politics Review, 22nd of September 2020

⁴¹⁴ Ibidem, p. 2

– often allow Leaders to pursue sensible long-term goals, which could be in contrast with short-term domestic interests and therefore risk to be blocked by national governments instead.⁴¹⁵ However and unfortunately, geopolitics in the 2020s moved to a rather open acceptance of discrimination concerning trade subsidies, that have nearly become the norm by now. In fact, American critics of the WTO have defined the organization as undemocratic, lobbying for a freer use of tariffs and other import restrictions to favor their own companies. Other members of the WTO somehow confirm this impression, considering the organization since ever as “far more beholden to its most powerful member states”⁴¹⁶ – a perception that American critics never acknowledged since now, when the shift in global influence and power distribution from the USA towards China is becoming tangible. As such and with a praise to democracy, Alden defines commitments and obligations towards international organizations as opportunities, leaving far-sighted Leaders with more ways to resist short-sighted demands.

The analysis of these three examples animates the question around leadership at international organizations in correlation with their representativeness of today’s power distribution and global governance model. During the last decade China has sensibly strengthened its influence in the UN system, until now dominated by occidental representation. By having a close look at who is chairing prominent UN organizations, it is undeniable that China has made every effort to highlight its attempt in taking over a forerunner position in diverse areas these organizations are covering. Four out of 15 agencies (FAO, ITU, ICAO and UNIDO) are currently managed by a Chinese national in fact, after beating all Western-backed candidates. As a reaction, international experts as the senior policy advisor at India’s foreign ministry, Ashok Malik, have expressed their concerns, stating that “if you control important levers of these institutions, you influence norms, you influence ways of thinking, you influence international policy, you inject your way of thinking”⁴¹⁷. This has nurtured the suspect that Beijing aims “to bend the arc of global governance towards a more illiberal orientation that privileges the interest of authoritarian actors”⁴¹⁸. Considering even the notable increase of funds Beijing made available to international organizations that are currently struggling to collect adequate financial contributions, this “strategic campaign” is worth to be monitored. While China is striving to show its raising predominance in the global governance system, the USA is progressively retreating and stepping back from its leadership position concerning world’s affairs: a trend which has been prominently promoted by former President Trump, withdrawing from the WHO, the UNESCO, the Paris Climate Agreement, the Iran Nuclear Deal Framework, and the UN Human Rights Council. For many critics this move corresponded to a “strategic gift” from the USA to China, as Trump’s action has not only left more space to his opponents and

⁴¹⁵ Robert Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games”, in: *International Organization*, 42/3, 1988, p. 427 - 460

⁴¹⁶ Edward Alden, *Preparing for a world without the World Trade Organization*, *World Politics Review*, 22nd of September 2020, p. 3

⁴¹⁷ Sam Olsen, *China, America and the Kindleberger Trap*, *The Critic*, 9th of November 2020, p. 2

⁴¹⁸ Kristine Lee, *It’s not just the WHO: How China is moving on the whole U.N.*, *Politico*, 15th of April 2020, p. 1

adversaries, but it even implies the impossibility to reclaim this vantage position again in the future.⁴¹⁹ That the American pullback can represent opportunities is pretty clear to the international community – especially to China; in this regard Prof. Lanxing Xiang, Director of the One Belt and One Road Studies at Shanghai has trenchantly pointed out: “if this is your voluntary withdrawal, not us driving you away, filling in the vacuum should not be considered a provocative action”⁴²⁰. While this statement sounds correct and not intrinsically irritating, President Xi further emphasized China’s raising influence versus the perception of the declining role of the United States by declaring that “the global governance system should adapt itself to evolving global political and economic dynamics”⁴²¹ – an assertion that somehow hurts the feelings of the West, especially as these words have been pronounced during the 75th UN General Assembly.

In short: the rapidly evolving situation represents an invitation to engage in a reflection on the original spirit of the UN founding fathers amid the ongoing “aftershocks” deriving from the redistribution of global power – against the backdrop of China’s discovering and implementation of a wolf-warrior-diplomacy⁴²² on one hand, and the acknowledgement of the United States’ continuous provocations and tariffs arms race to enthrone the “America first” paradigm on the other. An unquestionable conclusion of this chapter consists in stating that the multilateral apparatus certainly and urgently requires reforms to avoid being caught in a blind alley and entirely lose its influence. As outlined in the brief case studies, it will be necessary to collaborate with all involved countries and stakeholders on par to reinvent but also design new international organizations from scratch, being appropriate and equipped with a suitably flexible decision-making mechanism to cope with the numerous and continuously emerging new challenges of the 21st century. Some preliminary thoughts on this matter are presented in the final conclusions of this research.

⁴¹⁹ See the article “La Cina sti sta prendendo l’ONU”, on Il Post, 1st of October 2020, available at: <https://www.ilpost.it/2020/10/01/cina-onu/>

⁴²⁰ Yaroslav Trofimov, How China is taking over international organizations: one vote at a time, Wall Street Journal, 30th of September 2020, p. 4

⁴²¹ Check fourth point of the transcription; the full statement of President Xi is available at:

<https://www.chinadaily.com.cn/a/202009/23/WS5f6a640ba31024ad0ba7b1e7.html>

⁴²² An interesting interview with Prof. Xiang on this trend can be found on the “Reading the China Dream” portal, available at:

<https://www.readingthechinadream.com/xiang-lanxin-on-wolf-warrior-diplomacy.html>

6.2 Micro-Multilateralism or the diversification of actors and the importance of involving the community

While the “my-country-first” mentality *in lieu* of multilateralism expanded during the last years and put several international institutions in front of a paralysis, one player has emerged, showing a notable openness to international and multilateral cooperation: cities. Once multilateralism was driven by Nation-States with the intend to create and apply a rules-based cooperation mechanism for the sake of serving the common interest, assuring an alignment with proper national priorities. In the wake of globalization power rivalry and political dissensions crystallized more and more, bringing the inefficiency of the uniquely Nation-State driven multilateral system to surface, as it fails to properly utilize collective action. Subnational entities have gradually discovered their strong potential to step “into this vacuum to deliver on core functions embedded in the UN Charter, redefining effective collaboration on a transnational scale”⁴²³, providing the impetus for a structural shift called micro-multilateralism in recent literature. As our world is constantly moving more and more towards an era marked by exponential urbanization and population growth within metropolitan agglomerations, cities have clearly recognized the importance and opportunities unleashing from micro-multilateralism by actively fostering their engagement in international affairs.

In recent studies the UN projects a scenario, in which by 2050 nearly seven out of ten people are going to live in urban areas.⁴²⁴ Witnessing a rapid growth of urban collaboration therefore seems reasonable, if also considering the fact that apart from demographic concentration, metropolitan areas host much of the planet’s well-being, economic activity and innovation.⁴²⁵ Indeed, many of those metropolises have a higher GDP than numerous Nation-States: Fernández de Losada correctly points out that “Tokyo, New York, Los Angeles, Seoul, London and Paris would all figure among the top 30 economies in the world”⁴²⁶. What appears even more relevant is that cities somehow embody and represent the overall eco-system of Nation-States, being most probably home to government entities, entrepreneurial gazelles, cultural institutions, and established universities, educating the “Leaders of tomorrow”. Furthermore, policy makers strongly rely on the ability of cities to create spill-over effects towards the surrounding territories, generating employment and further developing the infrastructure which enables sustainable growth. On the other hand, the urbanization process has unveiled those challenges arising with a higher level of globalization, as for example inequality, resource scarcity and first repercussions of climate change. As a consequence, cities realized that they are somehow exposed disproportionately compared

⁴²³ Cathryn Clüver Ashbrook, *Micro-Multilateralism: Cities Saving UN Ideals*, Harvard Kennedy School Belfer Center, 19th of September 2019, p. 1

⁴²⁴ United Nations, Department of Economic and Social Affairs, “World Urbanization Prospects – The 2018 Revision”, available at: <https://population.un.org/wup/Publications/Files/WUP2018-Report.pdf>

⁴²⁵ Agustí Fernández de Losada, “Metropolises facing the Global Sustainable Development Agenda”, in: *Governing from the Metropolitan Scale*, Cidob 2019, p. 90-102

⁴²⁶ *Ibidem*, p. 90

with other areas of the Nation-State, be it with regard to migration, terrorism and – as currently experienced – also to pandemics and related health and well-being threats, especially because the density brought about by urbanization catalyzes the negative impact of transnational phenomena. Driven by “a newfound sense of self-interest and a sense of urgency”⁴²⁷, cities are trying to leverage an efficient collective action to address most impacting issues right away, reconciling in this way national interests with the competing universal objectives, as for example the Sustainable Development Goals. Relying on transnational and often issue-specific networks is the principal characterizing element of the so-called city diplomacy, a “web of interactions with a changing cast of players that interact in different ways, depending on the issues, their interest and capacity to operate in this [...] multilayered diplomatic environment”⁴²⁸. Engaging in transnational networks allows cities to benchmark against each other, to exchange good practices and to understand how local peculiarities can be valorized best for a more sustainable development. Projects with their specific goals have a concrete implementation history, are experienced by the citizens directly, thanks to a more robust and multi-stakeholder approach by design and can become more easily scalable compared to abstract policy considerations. The need of measuring the impact or the concrete outcome of the initiatives is somehow underpinned by the state-of-the-art of urbanization processes themselves, preparing the scene for a “friendly form of competition”⁴²⁹ among actors. Being able to count on real-life use-cases has triggered a virtuous circle, allowing to develop peer-to-peer review mechanisms on specific topics, that might potentially culminate in the formulation of concrete recommendations addressed to the Nation-State. Aware of its “positioning as in-between administrative entities”⁴³⁰, cities often constructively confront national as well as supranational policy makers with the strong voice of the important diversified group of stakeholders they represent, corresponding to a huge number of consumers. In this regard it is worth mentioning the New Urban Agenda⁴³¹, emerged from the United Nations Conference in Quito in 2016, as it proposes a concrete development model, displaying four main pillars for references to shed light on: governance, planning, sustainable transport and climate change and resilience.

In order to analyze a specific case, one could have a look at the issue of climate change and the relevant actions taken at urban level. A prominent example is constituted by the C40 platform, brought into being in 2005 by London’s then major Ken Livingstone, which has developed today into a network of 97 of the world’s megacities, willing “to take bold climate action, leading the way towards a healthier and more sustainable future”⁴³². At present, C40 represents more than 700 million citizens and corresponds to 25% of the global economy. With their variegated commitment towards the Paris Agreement and its ambitious

⁴²⁷ Cathryn Clüver Ashbrook, p. 1

⁴²⁸ Rogier van der Pluijm, *City Diplomacy: the expanding role of Cities in international politics*, Clingendael Diplomacy Papers, 2007, p. 33

⁴²⁹ Cathryn Clüver Ashbrook, p. 2

⁴³⁰ Der-Yuan Wu, *City Diplomacy, Multilateral Networks and the Role of Southeast Asia*, National Chengchi University of Taiwan, June 2020, p. 18

⁴³¹ All relevant information is available at: <https://habitat5.org/the-new-urban-agenda>

⁴³² Check the “About” Chapter on the C40 Cities portal, available at: <https://www.c40.org/about>

goals, mayors collaborate to reduce CO² emissions, reduce temperature and increase air quality in cities, implement more sustainable water and waste management systems and design better smart mobility opportunities for their citizens. While the world's civil society has become gradually used to the climate change paradigm, the withdrawal of the Trump Administration from the Paris Agreement has been a negative revelation and a certain preoccupation spread out, if other political Leaders would follow his opposition. Notwithstanding Trump's declaration, numerous large and small cities in the USA actively engaged in the initiatives of the C40 platform instead, adhering on a voluntary basis to the climate pact, sending a clear and internationally powerful sign that urban networked cohesion has evolved into something tangible – into a global standards dialogue – setting new norms. As a result, C40 created significant momentum and will continue to accurately point out where the problem lies, showing once more that it takes sufficient political will and leadership to commit resources, paired with a clear focus, concrete goals and metrics and combined with a clear sense of how collective action can overcome limitations posed by individuals.⁴³³ And collective action, here it comes again, is placed at the real center of a modern concept of multilateralism, making use of the collective power for the benefit of the community.

By looking at the issue from the perspective of the local community, the perception persists that multilateral institutions might often not concentrate on effective and practical answers to local challenges, culminating in the rather widespread prejudice that those institutions could become a threat to local and regional power. In order to tackle this attitude and further argue pros and cons of the deceleration of the decentralization process, Metropolis – a global network of major cities and metropolitan areas – launched a dedicated online debate, entitled “The place of metropolitan spaces within the future of multilateralism”. The initiative was strongly supported by the Barcelona City Council and took place on the 25th of May 2020 against the backdrop of the 75th Anniversary of the United Nations and recorded the active participation of more than 100 actors and experts from all over the world. Community Leaders emphasized that their overall characterizing element lies in the intent to share values and implement and protect them concretely, by keeping a human-centered approach. Among its advantages, participants mentioned that solutions proposed for the local level often bare a lower level of bureaucracy and are more concretely focused on impact. The involvement of a wider range of stakeholders naturally leads to a higher social acceptance of changes but benefits even the level of commitment and cost control when implementing new measures.⁴³⁴ The fact that knowledge exchanges within relevant international networks are not legally binding and do not create any formal implication to be reported to the Nation-State, often appears to relax negotiations, creating a constructive environment among members, which in turn then

⁴³³ Cathryn Clüver Ashbrook, p. 2

⁴³⁴ Metropolis Report, The Place of Metropolitan Spaces in the Future of Multilateralism, May 2020, p. 4, available at: https://www.metropolis.org/sites/default/files/resources/Metropolis-Report_UN75.pdf

facilitates the establishment of new norms. What has worked elsewhere is understood by local communities in many instances as a possibility to improve, based on the conviction that a specific case study – if carefully adopted to proper local context – has precious potential to positively transform the situation and make things better than they appear today.

Another proof for witnessing the profound transformation in global governance, in which cities “are transitioning from being seen as local problem hotspots or strategic sites for intervention, towards being active drivers of positive change”⁴³⁵ is the global Smart Cities debate. Without going into detail on the numerous high value-add initiatives launched during the last two decades, it is worth analyzing how cities joined Nation-States as international actors and if and how this weakens the traditional prerogative of the Nation-States as primary actors in the international realm.⁴³⁶ A clear sign of recognition to cities as key actors in development processes was given by Japan’s recent G20 Presidency, establishing the G20 Smart Cities Alliance on Technology Governance in conjunction with the Osaka Summit in June 2019. The ambitious vision of the forum, that clearly highlights its heterogeneity in the composition of stakeholders (as of today it represents 200.000 cities and local governments, as well as leading companies, start-ups, research institutions and civil society organizations), consists in creating “a shared set of principles for the responsible and ethical use of smart city technologies”⁴³⁷ and reflects Japan’s solid commitment towards the implementation of the Society 5.0 paradigm.⁴³⁸ The establishment of such a forum was also intended to counteract raising tensions among actors, given the fact that without proper governance of the use of technologies in cities, there can be significant risks, notably related to privacy and security of citizens.⁴³⁹ In fact, among the sectors for which the responsible use of technologies in cities can make a difference, figure energy, transportation, healthcare, education, and natural disaster response. Consequently, the idea of the Alliance, whose Secretariat is hosted at the World Economic Forum, is to join forces in order to advance policy norms, that might help accelerating best practices, mitigating potential risks and improve openness and public trust. With its impressive list of institutional partners, the Alliance references to its role for the future as a supporter to “help co-design, pilot and advance new innovative policy approaches to address unresolved governance gaps”⁴⁴⁰ by sharing a detailed roadmap. In this way it certainly leaves no doubt that metropolitan policymaking processes should not be overlooked by Nation-States’ administrations any longer. This confirms once more that a comprehensive approach to sustainable development with inclusive and multilevel governance formulas,

⁴³⁵ Hannah Abdullah (ed.), *Cities in World Politics. Local Responses to Global Challenges*, Monografias Cidob 75, September 2019, p. 118

⁴³⁶ Tassilo Herschel, Peter Newman, *Cities as International Actors – Urban and Regional Governance Beyond the Nation State*, Palgrave MacMillan, 2017

⁴³⁷ A video-introduction to the Global Smart Cities Alliance and its vision is available at: https://globalsmartcitiesalliance.org/?page_id=107

⁴³⁸ Society 5.0 can be defined as “a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space.” The concept was proposed in the 5th Science and Technology Basic Plan as a future society that Japan should aspire to. More information can be found in the video of Japan’s Prime Minister’s Office, available at: <https://www.youtube.com/watch?v=SYrv6kOsU1o>

⁴³⁹ Amanda Russo, *Unprecedented Global Alliance for Smart City Technology Launched to Counter Growing Tensions*, WEF, 10th of October 2019

⁴⁴⁰ See the video-introduction at: https://globalsmartcitiesalliance.org/?page_id=107

duly responding to concepts as resilience, transparency and accountability, are firmly considered as basic parameters for more efficient and of higher quality public policies today.⁴⁴¹ In 2020 the G20 under the leadership of Saudi Arabia has continued treating smart cities with its multitude of actors as a priority by issuing Smart Mobility Practices, offering seven related policy recommendations.⁴⁴² The document is annexed to the Digital Economy Ministerial Declaration and was elaborated in collaboration with ITF – the International Transport Forum. The Italian G20 Presidency in 2021 has shown interest in pursuing the debate, moving the focus on innovative public procurement aspects of smart cities.

That the involvement of the local community and the diversification of stakeholders both matter, becomes particularly tangible when considering sector-specific challenges, as for example urban air mobility. The Urban Air Mobility Initiative, a partnership launched in 2018 and supported by the European Commission, converges cities and regions, as well as industries, small and medium sized enterprises, private investors, researchers, but also individual citizens, with the aim to put urban mobility into the third dimension – the airspace – and develop drone and U-space service solutions to address unmet mobility user needs.⁴⁴³ Through its multi-stakeholder approach and by bringing the relevant communities together, the group expects to successfully carry out demonstration projects, to accelerate the sectorial market update, to increase public acceptance and share innovative ideas by enabling the development of strong interfaces and deploying a strategy with a roadmap for the next generation urban mobility.⁴⁴⁴ This might easily lead to a better symbiosis of projects and investments, strengthen security standards and bring about a positive wind of change. The approach to be adopted prefers keeping an eye on the common element, rather than on the differences that naturally emerge, and all stakeholders are conscious about the necessity to finding a compromise, that has to be found and agreed upon in a reasonable time frame to allow broad civil society acceptance.⁴⁴⁵ In fact, citizens' mobilization is key to see real chance occur and to formulate proposals for collaborative answers tackling new challenges, that often overcome sectors and need cross-fertilization with other expertise. In this way cities are also holding a mirror up to Nation-States in their attempt to achieve global goals, in order to update their governance structures and adapt them to an economy, that is starkly interdependent and globally interconnected.

Much would be left to add, especially by well-deservingly deep diving into the debate around human rights protection, at the very heart of the UN system, as city networks could play a prominent role to

⁴⁴¹ Agustí Fernández de Losada, “Metropolises facing the Global Sustainable Development Agenda”, in: *Governing from the Metropolitan Scale*, Cidob 2019, p. 101

⁴⁴² The document includes policies that governments at the national, regional, and local level could consider regarding the integration of smart mobility within broader smart cities and communities' strategies and is available as Annex 2 to the Digital Economy Ministerial Declaration, issued on the 22nd of July 2022, accessible at: https://g20.org/en/media/Documents/G20SS_Declaration_G20%20Digital%20Economy%20Ministers%20Meeting_EN.pdf

⁴⁴³ Detailed information is available at: https://ec.europa.eu/transport/media/news/news/2018-05-30-commission-welcomes-european-cities-joining-urban-air-mobility-initiative_en

⁴⁴⁴ The Initiative today counts on 43 members all over Europe and has received regional public funding from different countries. Its ambition, stratus and forward plans is available within the European Smart Cities portal: <https://eu-smartcities.eu/initiatives/840/description>

⁴⁴⁵ Patrícia Coelho, Manuel Morales, Arnaud Diemer, “Analyzing Symbiotic Relationships in Sustainable Cities - A framework” in: *European Union and Sustainable Development: Challenges and Prospects*, 2017, p. 213

further promote those ideals. In the context of this research and with the intent to imagine future scenarios and new forms of multilateralism, the purpose of this chapter consisted though in shedding light on the micro-multilateralism phenomenon, which certainly offers a “promising antidote to a number of current ills in the international system”⁴⁴⁶.

⁴⁴⁶ Cathryn Clüver Ashbrook, p. 4

7. Conclusions

7.1 A paradigm shift – is globalization dead and we need to invent a new world order?

The inauguration of Biden's Presidency in the United States represented a new starting point for many Leaders and governments all around the world: beginning again from scratch, reconciling as an international community also against the backdrop of the devastating Covid-19 pandemic and its social and economic consequences, and finally forming a renewed union around central and undisputed values, that deserve protection, respect and a global rules-based order – these thoughts were on the horizon. Many observers however have foreseen right after the election of Biden and during the frantic power handover period from Trump, with its embossed scenes of the storming of the Capitol hill, that the international community would experience a change rather in the way of dealing with the issues than in their substance. Indeed, if faced with reality, one has to admit that multilateralism today is weaker than it was in the past, and although one can define numerous underlying causes, there are three main elements that gave birth to the current skepticism towards our neighbors, which Alexander Hiedemann trenchantly describes as “the emergence of widespread mistrust in the seemingly unstoppable globalization process, the lack of a strong narrative supporting multilateralism that resonates deeply with people, and the inadequacy of pragmatic measures, rules, and standards to ensure the correct interpretation of the concept itself, to counter geopolitical and geostrategic power grabs masked by an initial desire for interdependence and collaboration”.⁴⁴⁷

In fact, with the end of the Cold War, globalization came in and took over for three decades, creating a deeply interconnected world. How intertwined and also interdependent we are with other countries all around the globe today has been made tangible during the first months of the Covid-19 outbreak, where global supply chains were brusquely interrupted, holding up a mirror on national strategies and vulnerability in times of pandemic. Indeed, broader society was confronted with the question around interdependence, inclusion within global value chains versus national autonomy to safeguard from perceived vulnerability. While this was an impressive example inviting the global community to engage in a critic reflection about the globalization process, as driven forward during the last decades, it was definitely not the first time to experience that this process has proven to create wealth by letting people escape from poverty on one hand, but by incentivizing inequalities and uncertainty on the other. In its infant state globalization strongly contributed to the spread of democracy and linked countries based on trade and economic and financial affairs, so that a common culture of consumerism across nations and

⁴⁴⁷ Alexander M. Hiedemann, Covid-19 and the crisis of multilateralism, SDA Bocconi School of Management Publishing, 28th of October 2020, p. 1

regions could emerge. As O’Sullivan put it, globalization “acted like a glue across countries and institutions in its impact on international relations and to a large extent this glue has been «made in America»”⁴⁴⁸. Today the indebtedness and political volatility within and across countries became more and more visible, as all strategies to better distribute globalization’s positive effects seemed to fail, especially as the narrative of its benefits is not convincing against the backdrop of the protectionist wave, letting it fade away more and more into the distance.⁴⁴⁹

Another tangible example regarding the inequality paradigm could be represented by a careful analysis of the initial global distribution of Covid-19 vaccines, in particular with an eye on the poorest countries, and all this will definitely have consequences on the future landscape of multilateralism. The widespread political discontent we encounter today in many industrialized countries is directly associated with the “failure of global governance in the post-Bretton Woods system to stem the tide of slow growth, rising inequality, falling labor force participation, rising migration, social fragmentation and job insecurity associated with globalization and automation”⁴⁵⁰. In this regard the advent of the Covid-19 pandemic has made the complex interdependence the world encounters concretely visible and has highlighted the differences that our systems experienced in the 20th century against the backdrop of trade (now mostly driven by large e-commerce platforms) or finance (for example concerning foreign direct investment flows). One essential driver is certainly represented by technology, especially emerging technologies accelerating digitalization and transforming the level playing field. The debate around climate change and mitigation actions had already underscored the global nature of upcoming challenges and the need for coordinated approaches on a global level to tackle and hold them in check, especially as the emerging problems might more easily translate into a direct negative impact on society. In this regard just think of fake news and their far-reaching implications on trust against the overall information ecosystem⁴⁵¹, as we experienced it during the first period of lockdowns in our countries. Connected to the trust paradigm, one should also briefly address the opportunities and threats that arise out of deepfake technology, making it harder and harder to distinguish between real and fabricated media, as it manipulates authentication methods, which then pave the way for severe risks of massive disinformation among citizens. Experts already projected dramatic scenarios describing how the use of deepfake video and audio technologies could evolve into a major cyber threat to businesses with devastating consequences within a rather short time frame.⁴⁵²

In the technological area and especially related to artificial intelligence many scholars and experts from diverse disciplines have expressed their open concern on finding a concept and a governance model

⁴⁴⁸ Michael O’Sullivan, *The Levelling: What’s Next After Globalization*, PublicAffairs, 2019, p. 241

⁴⁴⁹ Raimo Väyrynen, “Is Globalization Dead and Is It a Good Thing?”, in: *The Multiple Faces of Globalization*, BBVA, 2009

⁴⁵⁰ Homi Kharas (and others), “The future of multilateralism: Towards a responsible globalization that empowers citizens and leaves no one behind”, in: *Global Solutions Journal*, 8, April 2020, p. 79

⁴⁵¹ Jennifer Allen (and others), *Evaluating the fake news problem at the scale of the information ecosystem*, Science Advances, April 2020

⁴⁵² Ryan Smith, *Deepfake trend could be major threat – CyberCube*, Insurance Business America, 8th of January 2021, available at: <https://www.insurancebusinessmag.com/us/news/cyber/deepfake-tech-could-be-major-threat-cybercube-243057.aspx>

based on a human-centric approach that can meet all expectations of the global society, contribute to inclusive growth, and add value to people's routine, without generating threats for humanity as such. Among them also the philosopher Anders Indset engages himself in a critic investigation on artificial intelligence, quantum economy and the danger of manipulation, which could finally represent the end of our species. In his view artificial intelligence added a fourth to the three narcissistic mortifications that Freud had defined⁴⁵³: with the first one (cosmic mortification), people had to accept that it is not the Sun rotating around the Earth, but vice-versa with our planet representing a small and definitely not prominent place in the overall universe. The second one (biologic mortification) brought Darwin's findings on the evolution into play and people had to start dealing with the painful realization that the human species is not the image and likeness of God as such, but subject to natural evolution with humans and primates having the same routes. The third one (psychological mortification) finally regards our soul and human consciousness, being easy to manipulate and overwhelmed by our instincts and impulses given our mammal derivation. Therefore, the noble origin of humankind was generally put under threat and such a recognition severely limited human exhilaration as well as the solidification of self-esteem, as often instilled by religion. Indset now forecasts a fourth mortification, based on the realization that machines can beat human brain's performance and efficiency, as they have the ability to "think faster and more reliably", if "thinking" is defined as "making calculations based on algorithms". While artificial intelligence continuously clears new hurdles – just consider the newest findings on deep learning, imitating more and more the human brain in processing data and creating patterns for use in decision making⁴⁵⁴ – humanity is characterized by the assumption that our experiences and feelings represent supreme authority. And here is why Indset fears we could tap into the trap of manipulation, leaving too much space to algorithms and machines, governed by a few only, to take over control. The only antidote can consist in a kind of rational society, taking decisions based on common sense and working on a universal governance model that allows sound judgement to reflect the inalienable human aspect of our species and by doing so protect its survival.⁴⁵⁵

As technology does not know borders and has contributed to accelerate the globalization process, it is worth recalling Dani Rodrik's dilemma preventing the simultaneous achievement of deep globalization, national sovereignty and democracy⁴⁵⁶, and we experienced this paradox quite tangibly during the Covid-19 pandemic with its implications on global value chains, border closures and travel restrictions. As a result, questioning the global world order of the present (against the backdrop of past governance models) has become a predominant topic for ongoing debates, especially as the young generation critically enquires on the purpose of sovereignty in a globalized world, which then leads to the next interrogation

⁴⁵³ Sigmund Freud, *Gesammelte Werke*, Anaconda, Cologne, 2014

⁴⁵⁴ Check the SAS website at: https://www.sas.com/en_us/insights/analytics/deep-learning.html

⁴⁵⁵ Anders Indset, *Quantenwirtschaft: Was kommt nach der Digitalisierung?*, Berlin, 2019, p.41-50

⁴⁵⁶ Dani Rodrik, *The Globalization Paradox: Why Global Markets, States and Democracy Can't Coexist*, Oxford University Press, 2011

on which layer could be most representative and appropriate for the creation and administration of public goods.⁴⁵⁷ In the current era of renewed great power competition, where we often experience a decoupling of economic prosperity from the social one, multilateralism does not seem to evolve – requiring a balancing act – and become fit for purpose, given that Leaders especially in the last decade emphasized sovereignty at the detriment of democracy and liberty.⁴⁵⁸ Covid-19 has provided a proof that in a moment of threat the dynamic of the majority of countries uniquely consisted in developing own strategies without putting a global response at the center of the debate, which often led to cutting proper neighbors off – a reaction that does not make sense in a deeply interconnected world. What appears new is that both democracies and authoritarian regimes have answered in the same way in this regard, showing that globalization had exposed the global society to unquantifiable levels of systemic fragility.⁴⁵⁹ Compared to the past, where people requested the provision of global public goods and the management of the global commons, preventing beggar-thy-neighbor policies⁴⁶⁰, today Leaders tend to advocate for open markets outside their borders while promoting protectionism inside: until the outbreak of the virus, a prominent example in this regard was represented by China, not being globalized itself, on the contrary – becoming steadily less globalized internally – a behavior that had arguably contributed to the trend of deglobalization⁴⁶¹ and served as an initial smokescreen for Trump’s aggressive import tariff policy. But even when abstracting from the advent of the pandemic, many experts had foreseen that after globalization’s culmination an era of “multipolarity”⁴⁶² would follow, facilitating the emergence of a “multiplex world”⁴⁶³. Due to the stagnation and slow but steady decay of the four core components characterizing the former international order (free trade, functional multilateral institutions created in the aftermath of World War II, growth and expansion of democracy and acceptance of liberal values) and paired with the sentiments against globalization and the increasing diversity in the arena of global competition around technological supremacy, a multiplexity came to surface, featuring three key elements: 1) today multiple actors are involved in the debate around global governance, including a number of non-State actors, that previously did not directly interfere; 2) the level of global interdependence has become more complex (be it concerning trade and finance, but also considering the ascendancy of the global South – in particular China and India – and the increasingly vital South-South cooperation and commercial exchange), no longer allowing for former common thought patterns as “the West and the Rest”⁴⁶⁴ and 3) the question about which of the multiple layers of governance to fully draw

⁴⁵⁷ Thomas Cottier (and others), “Sovereignty-Modern and the Constitutional Approach to International Law” in: *Journal of International Economic Law*, 19/2, 2016, P. 323–328

⁴⁵⁸ Homi Kharas (and others), *Can Multilateralism evolve?*, International Trade Center, 09th of December 2020

⁴⁵⁹ See virtual meeting with Richard N. Haass, *The World: A Brief Introduction*, Council on Foreign Relations, 14th of May 2020

⁴⁶⁰ Homi Kharas (and others), “The future of multilateralism: Towards a responsible globalization that empowers citizens and leaves no one behind”, in: *Global Solutions Journal*, Issue 8, April 2020, p. 82

⁴⁶¹ Michael O’Sullivan, *The Levelling: What’s Next After Globalization*, PublicAffairs, 2019, p. 216

⁴⁶² Michael O’Sullivan’s approach, as described throughout his book quoted above

⁴⁶³ Amitav Acharya, *After Liberal Hegemony: The Advent of a Multiplex World Order*, *Ethics & International Affairs*, September 2017

⁴⁶⁴ Niall Ferguson, *Civilization: The West and the Rest*, Penguin Books, 2018

from, especially against the backdrop of emerging regional power alliances, as for example ASEAN or other gatherings as BRICS etc.⁴⁶⁵ The current heterogeneity and the increasing level of diversity does not find its parallel in European history and therefore a merely passive inheritance of Westphalian principles by Asian or African States is not plausible to occur⁴⁶⁶, as their actors require an active construction of these principles and a translation of the abstract notion of sovereignty into rules of conduct. Their action may be based on the undisputed assumption that “true universality lies in recognizing the essential diversity of states, societies, and regions, and finding common ground among them”⁴⁶⁷. As a result, Leaders are called to develop a more inclusive and participatory approach when constructing a global order, as its success ultimately depends on reconciling or finding common ground to overcome differences with the aim to ensure stability and true cooperation. The agenda for this purpose becomes broader and broader and proves to be more pluralistic in terms of leadership, ideas and values, as for example development aspects are closely connected to infrastructure and affect trade. Against the current geopolitical backdrop and considering that the global power constellation is widely dispersed against the aftermath of World War II, the international normative agency today came to a less US-centric halt, with the West having to content itself with being less influential compared to the past and having to witness that former experiences are not universally applicable.

In this context the rise of China features as a necessary reference point and would deserve an adequate examination, which this research cannot provide exhaustively or representatively. However, one element in this regard to add some food for thought is represented by Robert Nye’s theses on the two major traps lying ahead when dealing with China today⁴⁶⁸: one refers to the Thucydides Trap, referencing the ancient Athenian historian, and describing the tendency of a cataclysmic war eruption if an established power (the USA) becomes too fearful of a rising power (China)⁴⁶⁹. As Nye argues, this occurs when large economies do not show an attitude of global leadership, bearing the risk – happening now with China – that public goods are under-produced. On the other hand, there is the menace of the Kindleberger trap, which instead could rely in considering China too weak rather than too strong and that the USA (and its allies) have to avoid as well. The Covid-19 experience made the importance of circumventing miscalculations, misperceptions and rash judgements even more palpable. However, Nye concludes in his analysis of the launch of the Asian Infrastructure Development Bank in 2015, that China currently adheres to international rules, for example by cooperating with the World Bank: “Chinese behavior has sought not to overthrow the liberal world order from which it benefits, but to increase its influence in it”⁴⁷⁰. That the frictions between the USA and China are not just a memory of the Trump administration

⁴⁶⁵ Amitav Acharya, *Constructing Global Order: Agency and Change in World Politics*, Cambridge University Press, 2018, p. 1-32

⁴⁶⁶ Peter Harris, *Loosing the International Order: Westphalia, Liberalism and Current World Crisis*, *The National Interest Magazine*, 10th of November 2015

⁴⁶⁷ Amitav Acharya, p. 2

⁴⁶⁸ Robert Nye, *The Kindleberger Trap*, Belfer Center, Harvard Kennedy School, 9th of January 2017

⁴⁶⁹ Graham Allison, *Destinated for War: Can America and China Escape Thucydides’ Trap?*, Mariner Books, 2018

⁴⁷⁰ Robert Nye, p. 2

period has been clearly understandable since the first meeting under Biden among high-level officials of both nations in Alaska, occasion to “exchange sharp rebukes”⁴⁷¹, which got out of hand as an unusually undiplomatic conversation. A number of experts, among them Kishor Mahbubani, Singaporean career diplomat, representative to the United Nations and author of the book “Has China Won?”, summons the USA to be wise and to bring the focus back to the wellbeing of people. In his view it does not need a war for a shift in hegemony and predominant power and he urges the Leaders of both nations to question where they differ and where they could peacefully compete for primacy. The current rivalry in his view risks to accelerate polarization instead and could culminate in a competition of systems, which definitely would not help the global society to become resilient to threats as global warming, pandemics etc.⁴⁷² Conspicuous failures in globalization governance have resulted in a notable level of inequalities in society and this new backdrop requires openness for shared leadership, a new paradigm of institutional governance, which has to be democratically legitimate and politically sustainable.⁴⁷³ While confidence in the multilateral processes is gradually shrinking, as none of the pressing threats for humankind appeared to be dealt with effectively, it is not the principle of multilateralism as such and as a mechanism to be blamed, but the changed reality of a world to which multilateralism has yet to adjust adequately. As a result of a root cause analysis, Qin Yaqing refers to the simultaneous coexistence of two societies, the interstate society (a Westphalian legacy, following the principle of territorial sovereignty and national egoisms) and the global society, where diverse state and non-state actors interact, “dealing more with issues across national boundaries and with problems arising in the global commons”⁴⁷⁴. In fact, for the latter – emerging more and more – the common language is represented by universal goals, joint interests, and the shared perspective on future threats to humankind, leaving no doubts that given the transnational nature of the challenges, there is an undisputed need to search for global solutions – just think of terrorism, global warming, pandemics or the cyberwarfare realm. It is easy to understand that the goals of this global society, which “irreversibly evolved as a parallel and equally significant factor in world affairs”⁴⁷⁵, are virtually incongruent with those of the single interstate societies, resulting in continuous tensions between each other and in an increasingly noticeable burden on the stability of the rules-based order and with regard to a successful global governance model. While it appears more than reasonable to follow the logic of the global society, often it is the one of the interstate societies, instead, that keep dominating.

⁴⁷¹ BBC News, US and China trade angry words at high-level Alaska talks, 19th of March 2021, available at: <https://www.bbc.com/news/world-us-canada-56452471>

⁴⁷² Check the interview with Kishor Mahbubani at the Barcelona Center for International Affairs: “Bouncing Back”, 22nd of February 2021, available at: <https://www.youtube.com/watch?v=Yn36TyS5Zcs>. Mahbubani sustains that the geopolitical contest is inevitable, but a war is avoidable. In his eyes, China is interested in showing its technological supremacy, while there is no aim to export communism, but in the revival of Chinese civilization – the opposite of Soviet Communist Party.

⁴⁷³ Homi Kharas (and others), The future of multilateralism: Towards a responsible globalization that empowers citizens and leaves no one behind, Recommendation Chapter, G20 Insights for the T20 Saudi Arabia, 10th of December 2020, p. 3

⁴⁷⁴ Qing Yaqing, “Reform Multilateralism Now: A Chinese Perspective”, in: Global Asia 15/2, June 2020, p. 14

⁴⁷⁵ Ibidem, p. 15

Scholars and observers are continuously performing research on how a more balanced and representative new world order in the 21st century could look like. O’Sullivan for example predicts the emergence of three large poles: Oceania (incorporating the USA, Canada, Australia and possibly the United Kingdom), Eastasia (considered as a China-centric Asia) and Eurasia (mostly encompassing the European Union, Turkey, Eastern Europe and Israel), that are “distinct in the workings of their economies, laws, cultures and security networks”⁴⁷⁶ and all claim a number of key strengths and weaknesses. The role of Japan, India (especially against the backdrop of the Quadrilateral Security Dialogue⁴⁷⁷) and Russia is still to be seen, particularly also from a post-Covid-19 recovery perspective. While Oceania would certainly confirm its supremacy on “fighting and finance”, China-centric Asia is catching up on quantum computing and has already taken the leadership role on robotics and artificial intelligence, largely benefitting from the advantage of the vast pools of data it can gather on its citizens and economy and its ability to use this in a practical sense.⁴⁷⁸ Eurasia, with its deeply rooted aspiration to promote an enlightened form of social democracy, is currently at work to develop a clear identity, be it with regard to emerging technologies or trade and foreign policy, to signal proper standing and distinctive features to the others. While security issues have become high on the agenda of all poles, demonstrating a lower level of confidence in former alliances, the crucial role of emerging technologies (especially concerning the digital sphere) has crystalized, paving the way to a completely new scenario of potential developments (the G7 for example has visibly been struggling in the attempt to agree on a general telecommunication supply chain diversification strategy in 2021⁴⁷⁹). At this stage, a reference to the combination of hard and soft power instruments of the three poles, based on their ability to develop a smart power strategy consolidated with contextual and emotional intelligence⁴⁸⁰, as Robert Nye has advocated for appears useful and could be the subject of a future work to concentrate on.

In order not to go beyond the scope of this chapter, it seems relevant to focus on main characteristics and features of a pole: they basically rely in a strengthened ability to act cohesively and coherently. While size is certainly relevant (both from an economic and from a strategic standpoint), what most importantly constitutes the pole’s distinctiveness is its approach to economic, cultural and political life, based on its governance model, its civil control, its level of democracy, its economy and, last but not least, its power structure and deployment.⁴⁸¹ As poles evolve and progressively establish themselves, the level of unpredictability and uncertainty due to continuous dynamism raises, given that the multipolar or

⁴⁷⁶ Michael O’Sullivan, p. 215

⁴⁷⁷ Interesting in this regard is the standpoint of Amrita Jash to consider Quad a “new kind of twenty-first-century security alliance”, see her article “The Quad Factor in the Indo-Pacific and the Role of India” in: *The Journal of Indo-Pacific Affairs*, 8th of March 2021, available at: <https://www.airuniversity.af.edu/JIPA/Display/Article/2528182/the-quad-factor-in-the-indo-pacific-and-the-role-of-india/>

⁴⁷⁸ Michael O’Sullivan, p. 231

⁴⁷⁹ See the recent Guidance document of the UK Government on its 5G Supply Chain Diversification Strategy at: <https://www.gov.uk/government/publications/5g-supply-chain-diversification-strategy/5g-supply-chain-diversification-strategy> and note the UK’s attempt to enlarge these discussions within the G7 frame to the overall telecommunication supply chain

⁴⁸⁰ See Harvard Kennedy School Insight Interview with Joseph Nye on Smart Power with Doug Gavel, 3rd of July 2008, available at: <https://www.belfercenter.org/publication/joseph-nye-smart-power>

⁴⁸¹ Michael O’Sullivan, p. 221-222

multiplex world even offers multiple points of reference, with all poles speaking fundamentally different policy languages. This becomes particularly true if using the “Levelling versus Leviathan” lens to governance which O’Sullivan insists on: the first representing democratic, open societies, paying tribute to the rule of law and considering institutions and investments in humans as a central pillar of economic growth and the latter, referring to societies in which freedom is surrendered in exchange for social order and the prospect of greater national prosperity.⁴⁸² Against this backdrop the potential for friction and misunderstanding expands and bears the risk to escalate in a conflict, furthermore hampering the already unbalanced distribution of benefits resulting from globalization.

An additional factor today is represented by the uncertain pace and uneven speed of recovery from the pandemic and the precarious equilibrium on resilience efforts in the global arena, animating discussions on national strategic autonomy – requiring a sensible reshaping of value chains on one hand – and on the so-called vaccine-diplomacy on the other – leading to susceptible disquietude that where inoculations go, influence on foreign policy objectives will follow.⁴⁸³ This topic is a very significant one, given the width of its consequences, and deserves without any doubt further attention and adequate research efforts, which would go beyond the scope of this work. In a nutshell however, one could adhere to the statement that the Covid-19 crisis has shed a new light on globalization and its function and potential to be accelerated in the 21st century: after having “emerged as an essential mechanism of disease transmission”⁴⁸⁴, we might emphasize a rethinking of globalization in order to address the urgent needs of our global society in a more resilient manner (be it concerning mobility, trade, human rights etc.) – in a way that it “isn’t such a dirty word after all”.⁴⁸⁵

⁴⁸² Michael O’Sullivan, p. 305. O’Sullivan considers the Levellers’ Agreement of the People dating back to 1649 as a “hidden gem” to be recovered and recast for the twenty-first century.

⁴⁸³ Yanzhong Huang, Vaccine Diplomacy is Paying Off for China, Foreign Affairs, 11th of March 2021

⁴⁸⁴ Nistha Shrestha (and others), The Impact of COVID-19 on Globalization, One Health, 11, 20th of December 2020, p. 1

⁴⁸⁵ John Pearson, Vaccine discovery proves globalization isn’t such a dirty word after all, Gulf News, 29th of January 2021

7.2 Redesigning the multilateral process in a multiplex world: discovering “co-operency”

With our communities and economies recovering from the devastating impact of the pandemic, which has further exacerbated the already existing divides, the world is at a crossroads, certainly offering plenty of space for progress and prosperity, but only if certain global challenges are jointly addressed and a common governance model agreed upon that allows to fix the current state of multilateralism for the benefit of credibility and broader inclusivity. At a first glance (and considering examples of behavior of certain recent Leaders) one could ask if – in principle – there is a need for global coordination and governance. In response, as done also by Carter, one could paraphrase Montaigne: “even when you are sitting on the highest throne of the world, you are still sitting on your arse”⁴⁸⁶. Indeed, global governance has diverse functions, namely a strategic one (allowing to enhance own capacities, authority and prestige), a functional one (as it often targets transnational problems or global phenomena) and third, a normative function (governance without government).⁴⁸⁷

As a matter of trustworthiness and reliability, we have to work on upgrading the balance on equity and representation against the backdrop of the 21st century and its power distribution. In this regard, plurality represents one of the most distinctive features of our global commons today and multilateralism needs reforms to make our global governance model more effective and relax the tensions between the global and the interstate society. The approach from Qin Yaqing advocates for an heuristic way to bridge the gap between the two, which is based on three pillars: pluralism (plurality, diversity and complementarity, values’ inclusivity and respect for different ways of life in a plural world, considered as complementary rather than confrontational, with a co-operative rather than a conflictual attitude), participation (involving a broader range of agents in order to reach a comprehensive and active participation when it comes to rule-designing, making and implementation is crucial with the final objective to reach mutuality through empathy and sympathy) and partnership (by redefining the relationship among the multiple actors and agents in global governance, which should base its legacy on amity and trust, seeking harmony in human relations, while preventing fragmented individualism).⁴⁸⁸

The call for mutuality at the core of resurrecting international cooperation from its ashes requires engagement and some preconditions: new thinking, enlightened leadership and a favorable distribution of power.⁴⁸⁹ The pandemic has ultimately highlighted the increased level of interdependency and interconnectedness of our economies, as impressively reflected in Kishore Mahbubani’s metaphor of all 193 countries, not floating in separate boats on an immense ocean, but occupying just single cabins of a

⁴⁸⁶ Michel de Montaigne, *Essais*, 1588, III, 13: Et au plus eslevé throne du monde, si ne sommes assis, que sus nostre cul

⁴⁸⁷ Amitav Acharya (and others), *Why Govern? The Strategic, Functional, and Normative Logics of Global Governance*, American University, September 2014

⁴⁸⁸ Qing Yaqing, “Reform Multilateralism Now: a Chinese Perspective”, in: *Global Asia* 15/2, June 2020, p. 16-17

⁴⁸⁹ Steward Patrick, *Could the Coronavirus Pandemic Revive International Cooperation*, *World Politics Review*, 29th of June 2020, p. 1

huge cruise ship, which – without a captain or crew however, following commonly established governance models and rules – would definitely fail to reach a safe haven.⁴⁹⁰

When reflecting on the diverse issues, especially against the backdrop of emerging technologies, the benefits from overcoming the current *impasse* appear sheerly incontestable and as a result a multitude of stakeholders favor and invite their Leaders to use advanced cooperation models. An aptly call in this domain comes from Indset, recommending engaging in an active “co-operency” – meaning a standing cooperation, based on a continuous dialogue, even though or precisely because one represents and remains a competitor to the other.⁴⁹¹ The term was coined to express the difficult dialectical relationship between cooperation and competition: both are mutually dependent and – by definition – do not entail being stout opposites. As such “co-operency” could unleash a vast potential for synergies among all partners, leading to more innovation and confidence.

In my opinion, to push such an attitude forward we necessitate fora such as the G20, with its aim to create consensus around most relevant topics for humanity, issuing guidelines, providing recommendations, but not delivering legally binding content. While there is no enforcement by collective bodies (as observance is monitored at national level), the voluntary compliance to what has been negotiated represents its core. This somehow reminds me of Rodrik’s catchy and crystal-clear metaphor of convening on traffic rules that help vehicles of different size and shape travelling at various speed levels to navigate around each other, rather than imposing an identical car or a uniform speed limit on all.⁴⁹²

Also, O’Sullivan’s idea of a g20 (with a lowercase *g*), corresponding to an informal gathering of small, developed countries including primarily Austria, Belgium, Singapore, Sweden, Switzerland, Ireland, Hong Kong, Norway, Finland, Denmark, New Zealand, Israel and the Netherlands looks interesting and deserves attention. Indeed, this increasingly coherent group of advanced small economies has convinced through overcoming geographic constraints in building successful and resilient socioeconomic models. Among their secrets of success several communalities emerge, which might add further food for thought to the question on how to build the skeleton of the new world order: policy agility and speed of implementation, intangible infrastructure elements as education and human development, economic openness that has permitted them to “ride on the coattails of globalization”⁴⁹³. Other common distinctive features regard their ability for policy innovation, as well as their impartial or neutral position on issues related to climate change, corruption and military intervention. What finally unites them is that they all represent rather healthy democracies, taking advantage from being open societies that in most cases promote an enhanced level of transparency. This analysis leads then back to the thorny issue of accepting

⁴⁹⁰ Check the CIDOB Barcelona “Bouncing back” Interview with Kishore Mahbubani from the 21st of February 2021, available at:

<https://www.youtube.com/watch?v=Yn36TyS5Zcs>

⁴⁹¹ Anders Indset, *Quantenwirtschaft: Was kommt nach der Digitalisierung?*, Berlin, 2019, p.260-261

⁴⁹² Dani Rodrik, *The Globalization Paradox: Why Global Markets, States and Democracy Can’t Coexist*, Oxford University Press, 2011, p. 243

⁴⁹³ Michael O’Sullivan, p. 245-262, quote on p. 260

and respecting the difference between and the coexistence of open democracies and other political systems (including totalitarian models and dictatorships) – an argument that especially the West is struggling with, which in turn backfires to the question around representativeness within international organizations (see chapter 6.1).

While fortunately even in our multiplex world the strong and robust call for global governance persists, what seems inevitable is a fragmentation of its architecture and agency, portending the need for the global community to rethink and enlarge the conception of agency against the backdrop of the complex and varied contributions from a large group of stakeholders (not limited to international institutions, but encompassing also non-state actors, regional powers and multinational corporations). As Acharya points out “the pluralization of agency has driven and will continue to drive the transformation of global order”, reflecting the new paradigm of world power, which should place the shared leadership principle right at its heart.⁴⁹⁴ Anyhow, this fragmentation is not supposed to necessarily culminate in decay or collapse – indeed, it is normally the clashing of ideas that enables new solutions and growth to emerge, which surely requires a slow, often complex and not effortless, sometimes even painful process, taking little steps forward. Not the “survival of the fittest”, but a “generation awakening” should be our aim, putting great emphasis on treating these important issues with a combination of understanding, mindfulness, and empathy, by keeping an eye on the intrinsic vigor of global interdependence.⁴⁹⁵

While too much romanticism might appear out of place, diverse Leaders recently confirmed their commitment to a consensual international order, able to promote a positive global correlation of forces. In that vein one could also interpret President Xi’s intervention during the digital edition of the Davos World Economic Forum 2021, which only a few years ago would have appeared odd or at least peculiar, stating “we should advocate fair competition, like competing with each other for excellence in a racing field, not beating each other on a wrestling arena”⁴⁹⁶. Such a commitment however requires conscious choices in order to facilitate system’s resilience, legitimacy and adaptability.⁴⁹⁷ I agree that delivering a more inclusive and sustainable multilateralism presupposes careful consideration of a number of key principles, that I freely summarize following Kharas’ accurately detailed breakdown:

- 1) Put a focus on wellbeing and equity (enhancing citizen’s empowerment)
- 2) Embrace diversity (no one-size-fits-all, policy diversity is inherently desirable)
- 3) Nurture robustness (against short-term efficiency and cost reduction, adaptive de-globalization if necessary)

⁴⁹⁴ Amitav Acharya, *Constructing Global Order: Agency and Change in World Politics*, Cambridge University Press, 2018, p. 204-207, quote on p. 207. Acharya foresees a narrowing if not the end of the West-Rest divide, which would pave the way for a truly global order.

⁴⁹⁵ Anders Indset, *Quantenwirtschaft: Was kommt nach der Digitalisierung?*, Berlin, 2019, p. 81, 233-294, quotes on p. 81 and on p. 292

⁴⁹⁶ Translation of the full text transcription of the “Special Address by Chinese President Xi Jinping at the World Economic Forum Virtual Event of the Davos Agenda”, Xinhua Net, 25th of January 2021, p. 3, available at: http://www.xinhuanet.com/english/2021-01/25/c_139696610.htm

⁴⁹⁷ See Steward Patrick on this: *Could the Coronavirus Pandemic Revive International Cooperation*, *World Politics Review*, 29th of June 2020, p. 3

- 4) Protect legitimacy (no fragile and unfair system, improve representativeness of global rulemaking processes, enhancing the inclusion of marginalized voices, bolstering responsiveness and accountability mechanisms)
- 5) Respect the Do-Not-Harm principle (prevent beggar-thy-neighbor policies)
- 6) Observe subsidiarity (deal only with policies that cannot be tackled at the national level and have spillover effects across borders)
- 7) Work towards systemic coherence (engage in multi-stakeholder dialogues at multiple levels; bringing the approach into consistency with multilateral agreements aimed at addressing global challenges).⁴⁹⁸

There is no doubt that to make this renewed multilateralism work, the creation of new international organizations, at least partially, is imperative, while a few existing ones might have to review and/or expand their mandate. First and foremost, there is a pressing need for an entity dedicated to climate, providing support and coordinated guidance in the fight against global warming, as well as for an institution to assign the cyberwarfare issues to by advancing the process of launching the Digital Geneva Convention, based on the assumption that today's cyberspace potentially corresponds to a modern battlefield. The functioning of such an entity is of utmost relevance for peace and economic stability and while the urgency to develop international rules and cybersecurity norms becomes more and more tangible, Leaders appear still hesitant, well aware that creating such a mandate would require a notable amount of political will and commitment, as it deals with highly contentious areas of policy touching upon quite sensitive geopolitical affairs.⁴⁹⁹ As pointed out in previous thematic chapters of this research, also the governance on emerging technologies as artificial intelligence, IoT or distributed ledger technologies as blockchain would require an institution, mustering the right expertise, agency and power to streamline the international debate for example around ethics and the role of human rights, especially considering the rapid pace of change and the dynamic development of applications in these domains. Last but not least, also advancements in science (for example with regard to genetic experimentation, as already occurred in China) and on the rules of the space-based society would deserve proper expense and appropriate authority, calling for the protection of social and human values and for a mindful and balanced representation of a multi-stakeholder vision for the benefit of the future of humankind.⁵⁰⁰ Extensive dialogue on all governance levels will be necessary to shape the parameters of the compromise

⁴⁹⁸ For the purpose of this work, I did a free summary of the following: Homi Kharas (and others), The future of multilateralism: Towards a responsible globalization that empowers citizens and leaves no one behind, Recommendation Chapter, G20 Insights for the T20 Saudi Arabia, 10th of December 2020, p. 7-9

⁴⁹⁹ An in-depth analysis would certainly add enormous value to this research but is beyond the possibilities of this work. An interesting recommendation to focus one's attention on is represented by the related contribution from Microsoft, called "Creating a Digital Geneva Convention/Policy Recommendation: Trusted cloud", available at: <https://news.microsoft.com/cloudforgood/policy/briefing-papers/trusted-cloud/creating-digital-geneva-convention.html>

⁵⁰⁰ Michael O'Sullivan, p. 297-298

and make sure these new institutions can be bound “by a negotiated understanding of where to position international institutions within the globalization trilemma”⁵⁰¹.

While key values and principles of conduct have to be explicitly acknowledged and recognized as universal, sending an unequivocal message of responsibility and clear accountability to Leaders, there is space and – in my view – even plenty of potential to flesh out attributes on specific approaches and target particular objectives in greater detail, by also smoothing conduct. As Sir Ken Robinson rightly affirmed, “everyone has an imagination, but creativity is an act of will”⁵⁰² – and until proven otherwise, today it is not the multilateral fora which we are short of, but the absence, or at least the scarcity of political determination which curb the dynamism and effectiveness of global cooperation.

I personally welcome and support the emergence of new forms of multilateral efforts, that either include different stakeholders (as for example the Christchurch Call, where next to Governments also players representing the private sector endorsed the declaration) or are based on concrete initiatives (as for example the Alliance for Multilateralism, launched by France and Germany, not representing a formal institution, but “a network allowing for the constitution of flexible issue-based coalitions formed around specific projects and policy outcomes. Engagement in a specific initiative does not entail automatic participation in other initiatives pursued in the framework of the Alliance”⁵⁰³). A key element that allowed the Alliance for Multilateralism to flourish in a relatively short timeframe is certainly its informal character and the flexibility to commit to specific initiatives and action areas, offering a voluntary compliance based on a non-binding cooperation. In fact, in its still rather short time of existence, the network managed to launch quite a notable number of concrete initiatives in a wide spectrum of thematical areas (human rights, international law/accountability, disarmament and arms control, cyber space, global public goods, climate and strengthening institutions⁵⁰⁴). When talking with experts working actively with the Alliance for Multilateralism one fundamental attitude clearly transpires: the certainty to relay on an honest reflection and debate on the challenges of multilateralism, that however focuses on consensus reaching, as the cooperation model is less based on legalism, but favors soft laws and the expansion of common understanding for the benefit of finding a compromise. Following those intentions and acting against an “unyielding vision of sovereignty, defiant towards civil society, relativist, selective, focused on competition and geopolitical influence [...], reluctant to reciprocity”⁵⁰⁵, the Alliance has made clear that multilateralism is not just something to be retained or neglected based on *ad hoc* trade-offs, but sets a sign of its willingness to focus on public goods by delivering first concrete initiatives.

⁵⁰¹ Homi Kharas (and others), p. 5

⁵⁰² See Sir Ken Robinson’s Speech during the “Unexpected Sources of Inspiration” event, 17th of July 2018, available at: <https://www.youtube.com/watch?v=qzvujrVXNW8>

⁵⁰³ See “Participation and Membership” Chapter of the Alliance for Multilateralism: Declaration of Principles, launched on the 25th of September 2020, available at: <https://multilateralism.org/wp-content/uploads/2021/02/Alliance-for-Multilateralism-Declaration-of-principles.pdf>

⁵⁰⁴ All related details are available at: <https://multilateralism.org/actionareas/>

⁵⁰⁵ Manuel Lafont Rapnouil, A Cooperative Brand of Sovereignty for Multilateralism, Peacelab, 14th of December 2020, p. 2

Even the ASEAN cooperation model – with its more than twelve years of track record since the launch of the ASEAN Charter – is praised by a multitude of international observers, as it also takes advantage of a rather informal regional cooperation approach, adopting only those policies which satisfy the lowest common denominator by offering low hanging fruits to all involved parties. Experts have identified the “ASEAN Way”, as the attitude to “constantly utilize compromise, [...] and consultation in the informal decision-making process, which above all prioritizes a consensus-based, non-conflictual way of addressing problems”⁵⁰⁶, avoiding their Leaders the necessity and in some cases the inconvenience to expose certain discussions to the public view. Open regionalism appears indeed as a relevant alternative to solve urgent matters, and in the near future cross-regional partnerships in my view will furthermore show their complementarity to already established multilateral fora, that – benchmarked with regional coalitions – often appear caught in lengthy, elitist debates without delivering tangible outputs in a short term.

Active micro-multilateralism, for example among megacities, has also shown success: win-win-situations have been encountered especially if the broad and diverse audience involved contributed with their wide expertise in a timely manner and with the necessary level of flexibility. Other interesting coalitions to keep an eye on are the Asian Infrastructure Investment Bank (AIIB), given its growing and exceptionally diversified geopolitical membership, whose success showed how to use infrastructure for regional integration and as a foreign policy tool. There is much dynamism in the field, which leads observers call for caution in making long-term forecasts and invites to continuous monitoring, particularly against the backdrop of the advancement of the Shanghai Cooperation Organization, the Chiang Mai Initiative⁵⁰⁷, the Belt and Road Initiative and the progression of BRICS, not being in an infant state anymore.⁵⁰⁸

Last but not least also Quad with India playing an important role in the Indo-Pacific deserves heightened awareness and increased attention, as a unified front – defending an open and free Indo-Pacific – certainly challenges Beijing and corresponds to putting obstacles in the way towards China’s superpower ambitions. This goes hand in hand with the blazing debate around the Blue Dot Network and India’s arguable participation, considered by some scholars as an important extension of the Quad and as a “continental connect” and “corridor of communication” for New Delhi, defined as “a step in the right direction toward creating alternative supply chain and value mechanisms, in the wake of a hyper-aggressive China”.⁵⁰⁹

⁵⁰⁶ Logan Masilamani (and others), “The ASEAN Way: The Structural Underpinnings of Constructive Engagement”, in: Foreign Policy Journal, 15th of October 2014, p. 11

⁵⁰⁷ See in this regard: Chalongsob Sussangkarn, The Chiang Mai Initiative Multilateralization: Origin, Development and Outlook, ADBI Working Paper 230, July 2010

⁵⁰⁸ A very interesting contribution to quote at this stage is the work “The New (Dis)Orders: Envisioning the Complex Futures of Geopolitics”, developed by the GGF 2030 Futures of Global Order Working Group of the Robert Bosch Foundation on three scenarios, elaborating on the “history of the future” (writing their articles from the perspective of 2030), related to the race to meet resource demands, technology as a major disrupter and the declining dominance of former hegemony, available at: <https://www.ggfutures.net/analysis/envisioning-the-complex-futures-of-geopolitics>

⁵⁰⁹ Jagannath P. Panda, “India, the Blue Dot Network, and the ‘Quad Plus’ Calculus”, in: The Journal of Indo-Pacific Affairs, 17th of July 2020, p. 17

À propos China: in my view the global community (and especially the USA and Europe) should not tap into the trap of giving the impression that a renewed emphasis on multilateralism would correspond to efforts towards exporting the “right” or “most suitable” form of domestic order or values, as this would only foment China, Russia (and partially also the USA under Biden, not pushing the “America first” paradigm actively further, but not changing the substance of some elements of Trump’s political bequest either) in their attempt to weaken international organizations, by limiting their relevance more and more in order to finally stop being constrained by them and by the multilateral process as a whole. What seems more appropriate in my view is to put efforts into uniting democracies around the globe and create – thanks to revitalizing multilateralism in the post Covid-19 era – an opportunity to clearly spell out principles for a coalition among democracies. In fact, I agree with Benner, that there is much to be gained from cooperation among like-minded democracies, if key principles as credibility, transparency and mutual support and solidarity mechanisms are reflected properly.⁵¹⁰

Obviously, time is mature to involve also non-Western democracies on an equal footing: in this regard G7 is ultimately trying to establish a standing engagement with some of the biggest players around, like India, South Africa, South Korea and Australia, but this trend should target and encompass also smaller economies (among them the g20 O’Sullivan referred to) in order to underpin the system and consolidate its legacy. After all, “fear is the glue of autocracy, and trust is the lubricant of democracy”⁵¹¹ and indeed, without trust in an interconnected world we are all in trouble. And this would prevent us from acting against urgent threats that impact us all, as global warming or future pandemics.

In conclusion, I would like to quote Rodrik again, by agreeing on his theses that most policy mishaps in the world economy today occur due to failures of national governance and not due to the lack of international cooperation. By putting a stronger focus on democracy-enhancing global economic governance models (to the detriment of simple globalization-enhancing ones), it might become easier to update our thinking and adopt a different approach – one able to respect the policy space of nations and targeting democratic decision-making norms, instead of one “that emphasizes the harmonization of policies or the removal of (real or perceived) trade barriers”.⁵¹²

I am firmly convinced that the moment is mature (if not overdue) to strategically rebuild trust in global cooperation and multilateralism for (economic) cooperation by embracing diversity and being honestly determined to people’s wellbeing for the benefit of future peaceful living and coexistence. What could be more appropriate than quoting here the young Amanda Gorman during her earnestly stirring performance at President Biden’s inauguration:

“And so we lift our gazes not to what stands between us, but what stands

⁵¹⁰ Thorsten Benner, Multilateralism Needs Democracy, Peacelab, 10th of February 2021

⁵¹¹ Listen to the interview with Edward Luce, 30th of October 2020 with World Politics Review, available at: <https://www.worldpoliticsreview.com/trend-lines/29180/edward-luce-on-the-even-deeper-divide-of-the-u-s-election-and-after>

⁵¹² Dani Rodrik, The Right Scope of Global Governance, Revue européenne du droit, 17th of March 2021, p. 12

before us.

We close the divide because we know, to put our future first, we must first
put our differences aside. [...]

If we merge mercy with might, and might with right, then love becomes our
legacy and change, our children's birthright."⁵¹³

In the end and after all this leads me to keep in mind that there is a universal rule that applies everywhere
in this world and has never been disproved: where there is a will, there is a way.

⁵¹³ Amanda Gorman, *The Hill We Climb: an Inaugural Poem for the Country*, transcription, verses 19-22 and 85-86

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