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Unleashing the G(20) Force



From left, Japanese Prime Minister Shinzo Abe, United States President Donald Trump, and Indian Prime Minister Narendra Modi at the Group of 20 (G20) Summit in Buenos Aires, Argentina. Photo taken from the White House's official Flickr account and tagged under the public domain.

FEATURED COMMENTARY

G20 at Ten: Time for Greater Multilateral Role

By Pradumna Bickram Rana & Xianbai Ji



Group of 20 (G20) leaders pose for a photo at the 2018 Summit held in Buenos Aires, Argentina from 30 November-1 December. Photo taken from the official G20 Argentina Flickr account and tagged under a CC BY 2.0 licence.

In November 2018, the G20 summit in Argentina resulted in a truce between Washington and Beijing, and pledged to reform the WTO. It is now time for the G20 to play a bigger role in the multilateral trading system.

Commentary

THE G20 summit turned 10 when it was convened last November in Buenos Aires. The agenda items were infrastructure for development, food sustainability, and gender issues. Yet, much of the attention focused on the trade tensions between the United States and China.

Providing some, perhaps temporary, relief, presidents Donald Trump and Xi Jinping called for a 90-day truce: the US will not raise tariffs on US\$200 billion worth of Chinese goods from 10% to 25% as previously scheduled on 1 January 2019; in turn China agreed to purchase an unspecified but “very substantial” amount of American agricultural, energy, industrial and other products.

The summit narrowly avoided the failure of the recent APEC summit in issuing a joint declaration. In the short communique, leaders acknowledged that

the current multilateral trading system is “falling short of its objectives” and supported “necessary reform” of the World Trade Organisation (WTO). This pronouncement was significant, if not historic, as it was arguably the first time that WTO “reform” was discussed at the G20 summit.

G20 and Multilateral Trading System

The G20 was born in the aftermath of the Asian financial crisis of 1997-98 as an informal platform for finance ministers and central bank governors from major economies. It

was upgraded to the annual summit level meeting in 2008 after the onset of the global financial crisis. Since then, the G20 has been labelled by the participating countries as “the premier forum for international economic cooperation”.

Indeed, ten years on, contrary to the belief of some, the G20’s contributions to global governance have been respectable. Among its successes are efforts to avert a world-wide depression, establish the Financial Stability Board to

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safeguard the global financial system, broker International Monetary Fund (IMF) reform to give greater voice to emerging markets, make cross-border taxation easier and fairer, put forward principles to guide IMF's and World Bank's policy-based lending, and promote complementarities between the IMF and regional financial safety nets.

In the area of international trade, however, the G20 is punching below its weight. Apart from calling on the WTO to monitor the group's adherence to resisting trade-restricting measures, the G20 plays a fairly minimal role in shaping the prevailing global trading architecture. This has to change.

This is not only because robust international trade is a global public good that can do much good to the G20's core mandate of achieving growth, but also because no other institution is better positioned than the G20 in terms of the collective clout that it possesses.

G20 and WTO Reform

G20 should debate and push for WTO governance reform as it did successfully

in the case of the IMF. The WTO currently presides over a working decision-making protocol based on a system of full consensus while holding itself to a "one country, one vote" principle of egalitarian participation. The advantage is that the WTO enjoys a greater degree of legitimacy as compared to the IMF and World Bank, but its decisions are often taken at a glacial pace and the WTO has progressively become an ineffective organisation.

To reverse this situation, the G20 should take the lead to contemplate and lobby for alternative structures, processes and procedures to speed up WTO decision-making and governance. One option is for the G20 to champion for a weighted voting system that takes into consideration country size, economic development, market access and trade dependency. There are surely other options that could be considered as well.

Need for Permanent G20 Secretariat

To take forward any potential WTO reforms, the G20 itself must be

strengthened institutionally. The G20 is an inter-governmental consultative mechanism and not a formalised organisation with a dedicated secretariat. This informal structure, which worked well in the past, needs to be strengthened.

The G20 is transitioning into a general-purpose global steering body whose mandate covers a wide array of topics like structural reforms, science and technology, gender equality, anti-corruption, development, thought leadership, energy security and migration. There is a strong rationale for equipping the G20 with a nimble but permanent secretariat to improve its workings.

In the absence of a secretariat, the agenda-setting power resides in the individual host presidency in any given year. Agenda coherence and complementarity from one summit to the next are typically low. Even the Troika system consisting of past, present and future G20 chairs is unable to satisfactorily reduce the inherent discontinuity in the yearly handover process.

Another problem is that without a secretariat for follow-up and management of institutional memory, the realisation of key G20 resolutions, especially the inherited tasks and programmes that require multi-year efforts, is oftentimes unfocused, incomplete and inconsistent.

Unfortunately, the Buenos Aires G20 declaration failed to mention the idea of a secretariat. As Japan and Saudi Arabia join the presidency troika in 2019, further considerations should be given to the proposal to establish a permanent G20 secretariat. Otherwise, G20 would find it difficult to shake off its image as a weak organisation. ■

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Singapore Trade Policy Forum



Participants at the conclusion of the inaugural Singapore Trade Policy Forum, held in October 2018.

From 24 to 25 October, RSIS' Centre for Multilateralism Studies (CMS) organised the inaugural Singapore Trade Policy Forum (STPF), which was co-sponsored by the New Zealand Ministry of Foreign Affairs and Trade, the Australian High Commission to Singapore, and the Singapore government.

Around 40 senior trade experts from various governments, businesses, and universities worldwide participated in the STPF. The event was a timely one, especially for small trade-dependent countries such as Singapore, as the high-level meeting served as a platform to foster dialogue and policy recommenda-

tions on navigating the unusually uncertain and unpromising policy environment marked by rising economic nationalism, weakening multilateral structures, wariness towards trade agreements, and a trade war.

Following the welcome remarks delivered by RSIS' Ambassador Ong Keng Yong, the STPF addressed contemporary trade issues across six seminars. Session 1 sought to identify risks and responses to the current trade war. Among the discussed risks were protracted trade war and further side-lining of the World Trade Organisation (WTO) and multilateral rules-based system, which

are ill-equipped to handle the geopolitics at the core of current trade tensions.

Session 2 highlighted ways to rebuild a stable trading environment. Participants suggested containing trade tensions while simultaneously working towards long-term systemic reforms. This included, among other things, more effectively communicating the benefits of trade to defend against the growing spectre of economic populism that has led to more inward-turning trade policies.

Meanwhile, Sessions 3 and 4 were more topical, focusing on improving digital trade rules and resolving the WTO's Dispute Settlement Mechanism (DSM)

limbo. Participants agreed that both aspects of the trade architecture needed significant updating. For digital trade rules, this involved aiming for greater interoperability and trade liberalisation, all without compromising public policy goals such as consumer privacy and building inclusive digital ecosystems. What progress should entail for the DSM was relatively more debatable. Speakers questioned whether strengthening the DSM would be wise considering how trade disputes can be geopolitically charged and risk further attacks on the WTO.

Session 5 touched upon infusing the trading system

with greater inclusiveness tuning the WTO's architecture and implementing robust social safety nets to counteract the costs of free trade. Finally, Session 6 followed up on previous discussions and insights. Albeit global trade faces several mounting challenges, the forum concluded that this has galvanised greater interest and support for global trade from all quarters. Now, underscored participants, is the time to act and this crisis should not be wasted. Highlights from the STPF event and the STPF event report can be found [here](#) and [here](#) respectively.

RSIS Seminar Series on Multilateralism Studies: Making Trade Work for the Environment, Prosperity and Resilience



From left, presenters Mr Peter Govindasamy, Mr Lim Aik Hoe, Mr Evan Rogerson, and Asst Prof Lee Chia-Yi at the Lecture Theatre,

On 29 October, the Centre for Multilateralism Studies (CMS), RSIS, hosted a distinguished panel to speak on how trade can be an enabling tool for environment protection and sustainable growth. Mr Lim Aik Hoe, Director of Trade and Environment Division, World Trade Organisation (WTO), presented the latest findings from the newly launched WTO-United Nations Environment Programme (UNEP) publication entitled "Making Trade Work for the Environment, Prosperity and Resilience", while Mr Peter Govindasamy, Director, Inter-

national Trade Cluster, Ministry of Trade and Industry Singapore; Dr Lee Chia-Yi, Assistant Professor, CMS, RSIS; and Mr Evan Rogerson, Adjunct Senior Fellow, CMS, RSIS acted as discussants. According to Mr Hoe, trade in environmentally friendly goods and services is needed to mitigate climate change, as evident by how SDG guidelines see trade as an enabling tool. It creates jobs, aids in the efficient allocation of resources, and reduces poverty and material consumption.

Mr Govindasamy expounded on how there should be greater multi-level governance links between countries, within international organisations, and between multilateral institutions such as the WTO, UNEP, and International Labour Organization. Nationally determined contributions should also be executed in line with WTO rules. More concrete multilateral trading rules could be useful to set benchmarks and ensure that no backsliding on environmental standards occur. If not balanced by prohibitive domestic regulation, trade could also contribute

to environmental degradation. Asst Prof Lee raised examples, such as how cheaper food prices enabled by trade could actually lead to food waste and thus environmental harm. Going forward, the panel suggested that regulators may want to consider removing fossil fuel subsidies and pricing in externalities. Overall, added Mr Rogerson, care must also be taken not to conflate and confuse failures in domestic policies with failures of trade, since this has bedevilled the trade-environment debate. ■

RSIS Seminar Series on Multilateralism: Building a New Trade Consensus

On 23 November, the Centre for Multilateralism Studies, RSIS hosted a session on rejuvenating the global trade consensus, featuring CMS' own Senior Adjunct Fellow Mr Evan Rogerson as speaker.

Against the backdrop of rising trade tensions and backlash against globalisation, Mr Rogerson noted that it is imperative to communicate trade benefits clearly. Globalisation and trade liberalisation can herald prosperity, but is not a panacea. Ignoring the human costs of trade liberalisation and poor wealth distribution through ineffective socioeconomic policies leaves a fertile ground of discontent with globalisation for populist politicians to capitalise on.

policy-making and inter-ministry cooperation, whether at national or international levels, should be a priority.

Meanwhile, digital trade offers greater opportunities for economic equity and inclusivity, but only if multilateral rules can be agreed upon. Mr Rogerson noted that this will be key to eliminating restrictive trade barriers and allowing micro, small and medium enterprises (MSMEs) to reap digital economy dividends. Additionally, US-China rap-

prochement is critical to resolving tensions that have paralysed the WTO. Mr Rogerson emphasised that current efforts to uphold the multilateral trading system should continue, such as by maintaining plurilateral trading arrangements.

Governments can also harness the increased support from businesses and non-governmental organisations to defend the multilateral trading system and build a new consensus. Stakeholders, he concluded, should not waste a good crisis. ■

SELECTED PUBLICATIONS

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Pradumna Bickram Rana & Xianbai Ji
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Multilateral Matters is the quarterly publication of the Centre for Multilateralism Studies (CMS), analysing the most recent developments regarding multilateralism by our team. It covers articles on relevant economic and political issues as well as programmes and latest publications from the research centre. The objective of the newsletter is to promote the research being done by our centre, raising awareness of the many events that we hold on a regular basis.