



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

# **The G20 Rome Meeting: October 30-31, 2021**

by Colin Robertson  
October 2021

# CGAI Primer

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CGAI Vice-President and Fellow  
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With Italian Prime Minister Mario Draghi in the chair, most leaders from the G20 will meet in Rome's convention centre, 'La Nuvola', on Saturday and Sunday, October 30-31 to chart a path around the themes [People, Planet, Prosperity](#) designed to take the world "[beyond the crisis](#)" caused by the ongoing pandemic. The G20 international forum [represents](#) 80 per cent of global economic output, 75 percent of global trade, and 60 percent of the world's population. It has met since 1999 and since 2008 at the leaders' level. Their annual summit is the climax of the annual G20 process involving ongoing [ministerial meetings](#), [working groups](#) and [engagement groups](#).

While China's Xi Jinping, Russia's Vladimir Putin, Japan's Fumio Kishida and Mexico's Andres Manuel Lopez Obrador [will not be there](#), host Italy wants the other leaders to take actions on "a [rapid recovery](#) that addresses people's needs. This implies a focus on reducing inequalities, on women's empowerment, on the younger generations and on protecting the most vulnerable. It means promoting the creation of new jobs, social protection and food security." The G20 is also tasked "to rebuilding differently in the aftermath of the crisis. More efficiently, through a better use of renewable energies and with a firm commitment to protecting our climate and our common environment."





















Its high-minded and aspirational rhetoric. The question for the G20 is can it decide anything beyond a communique based on the lowest-common-denominator?

In his remarks at the UN General Assembly in September UN Secretary General Antonio Guterres warned that the world is "on the edge of an abyss and moving in the wrong direction." So can the leading nations can come together to deal with the pressing issues of our time: dealing with the pandemic and getting the world vaccinated; setting a course for sustainable economic recovery that also addresses inequality at home and internationally. With the Glasgow climate summit just days away, Rome will also give a sense of whether leaders will make the required national commitments and whether developed nations, including China, will come up with funding to mitigate climate change for smaller, developing nations.

At its inception the G20 was to be the catalyst to better incorporating China and the big developing economies into the IMF and WTO and while also driving the IMF and OECD agendas to revive trade negotiations and stimulate global tax reform. The G20 of 2008-9 got things done and coordinated global economic recovery. Will we be able say the same of today's G20 when key players like Xi and Putin give it a pass?

Rome is important because it sets the stage for COP26 and the WTO ministerial in Geneva at the end of November. In a larger sense, Rome is a test of multilateralism – the ability of diverse nations to act on behalf of the common good. For Canada and its kindred democracies multilateralism is an article of faith and a cornerstone of our respective foreign policies.



 Argentina	 Australia	 Brazil
 Canada	 China	 France
 Germany	 India	 Indonesia
 Italy	 Japan	 Mexico
 Russia	 Saudi Arabia	 South Africa
 South Korea	 Turkey	 United Kingdom
 United States	 European Union	

## Can the G20 make a difference?

It was financial crises – the Asian and dot.com crashes at the turn of the century – that gave the G20 its birth. It was designed by its architects, Canadian Paul Martin and American Larry Summers, to be the financial fire brigade: bringing together the leading economies' finance ministers and central banker and, since the 2008 crisis, political leadership. At its inception in 2008, it acted as the global economic management board to address what we now call the Great Recession.

Today the G20 is more a caucus than a cabinet. There is always a tendency for communiques to resort to bromides and weasel words to camouflage their inability to agree. It's hard to imagine a more disparate set of leaders - from east and west, north and south - with the authoritarians now outnumbering the liberal internationalists around the table. It includes flakes and killers reminiscent of the original [Star Wars scene](#) when Han Solo is confronted by the bounty hunter Greedo in the Mos Eisley cantina. In that sense the G20 reflects the realities of contemporary world geo-economic politics. It's a meaner and messier world made more complicated by existential challenges like pandemics and climate change.

The Rome G20 summit will be assessed on how it deals with COVID, economic recovery and climate. Its less about the 'blah-blah' of communiques than getting straight answers to two key questions.

On COVID, how soon will the world be sufficiently vaccinated? Vaccine production has increased but distribution remains a problem, especially in Africa. Will we learn the lessons from COVID so as to be prepared for the next pandemic?

Economic recovery hinges on the ability of the developed nations and China. Can they sustain their recoveries while avoiding inflationary pressures? Can the developing nations cope with debt and the unvaccinated?

UN Secretary General Antonio Guterres says that Rome is another in a continuing series of stress tests of a multilateral system: "On the one hand, we see the vaccines developed in record time — a victory of [science and human ingenuity](#). On the other hand, we see that triumph undone by the tragedy of a lack of political will, selfishness and mistrust... This is a moral indictment of the state of our world. It is an obscenity. We passed the science test. But we are getting an F in Ethics."



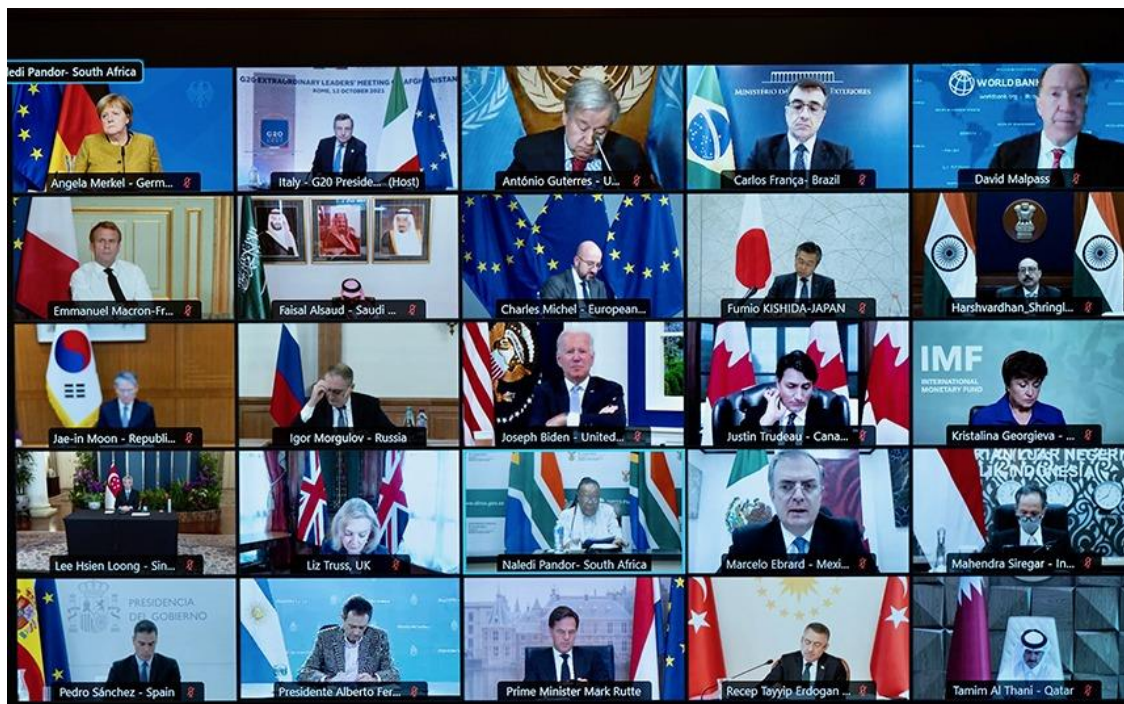
Guterres concluded, “The problems we have created are problems we can solve.” And that is the test for G20 leaders at Rome.

## What does Canada want?

As Deputy Prime Minister and Finance Minister Chrystia Freeland observed after the recent Washington meeting with her counterparts, for Canada the goals are “ending the pandemic, building a fair and robust recovery, climate change, growing inequality, sustainable economic development, tax fairness, and the economic outlook in the years ahead. It is essential that we work together to overcome shared challenges and build a greener future with prosperity and opportunity for all.” She also endorsed the [tax reform agreement](#) saying this “will [end the global race](#) to the bottom in corporate taxation, and put Canadian workers and businesses on a level playing field in the global economy by ensuring that all corporations, including the world's largest, pay their fair share.”

Trudeau can also be expected to follow-up with his counterparts on the efforts of Environment Minister Jonathan Wilkinson and German State Secretary Jochen Flasbarth, co-chairs in a COP process to encourage developed nations to meet the [\\$100 billion climate finance goal](#) to help developing countries fight climate change and [adapt to its impacts](#).

## A Difficult Backdrop



*G20 virtual extraordinary summit on Afghanistan October 2021*





The leaders, their finance ministers and central bankers meet against the backdrop of the ongoing COVID pandemic with its attendant financial and health implications. Based on the uneven global response thus far, it is an open question as to whether the G20 is up to the task. But if not the G20, then what?

The two superpowers - the U.S. and China – are slipping into a Cold War that started with trade sanctions. Exacerbated by a sharp divide over the origins of the pandemic and then human rights, it is now geo-political in scope.

If Xi Jinping's China is a disruptive power, then so is Vladimir Putin's Russia. Both [U.S.](#) and [European Union](#) reports say Russian agents are mounting a “[significant disinformation campaign](#)” to subvert Western and EU countries' democracies.

Despite the election of Joe Biden and his promise that America is back, the sense of ‘[westlessness](#)’ has not abated. The Afghan evacuation and AUKUS has only exacerbated divisions within the western alliance, the Europeans – Germany, UK, France, Italy and their EU leadership – are distracted by the formation of a new coalition government in Germany, the approaching French presidential elections, the unresolved BREXIT trade issues and the ongoing [migration crisis](#) that stimulates populist sentiments in every country.

The chronic trouble spots – Afghanistan, Libya, Palestine, Syria, Venezuela – continue to bleed refugees while providing a refuge for terrorists. At the extraordinary G20 summit on Afghanistan earlier this month the [chair's summary](#) said safe passage should be given to those Afghans who wished to leave the country, that future humanitarian programs should focus on women and girls and called on the Taliban to contain militant groups operating out of the country. Neither China's Xi Jinping nor Russia's Vladimir Putin dialed into the call.



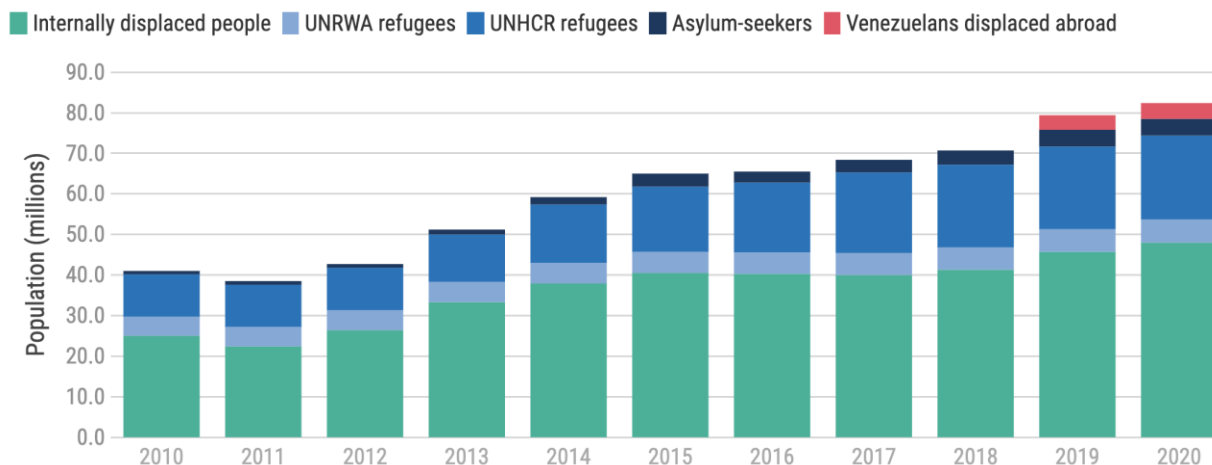
Then there is the existential climate crisis with ongoing negotiations among G20 countries to set the agenda for the COP26 global climate talks in Glasgow that begin the next week. The aim is to find consensus between the developed and developing nations to raise and hasten climate ambitions involving net-zero commitments, cutting coal use in the power sector, signing up on the methane pledge, reducing fuel subsidy, and upping each nation's own climate.

Conflict and climate change only worsen the displacement of people. The [UNHCR estimates](#) 82.4 million (more than twice the population of Canada) or about 1 in 95 people are now forcibly displaced. This compares with 1 in 159 in 2010. With pandemic restrictions on travel, they now find doors shut from even the traditional recipient nations, including Canada. According to



the [UN Migration Agency](#), most nations have imposed pandemic related travel restrictions, with the International Organization for Migration [tracking the day-by-day shutdown](#) of global mobility pathways.

### Global forced displacement (at end-year)



### The Economic Puzzle

The world is beset by labour and [supply chain problems](#), and there are already fears that there will be fewer presents under the tree this Christmas because the goods are still sitting in a ship somewhere. With the U.S. looking to ‘[decouple](#)’ from China and China pursuing ‘[dual circulation](#)’, globalization as we knew it is entering a new phase where the emphasis will be on secure and resilient supply chains that emphasis production and transportation with ‘trusted’ partners.

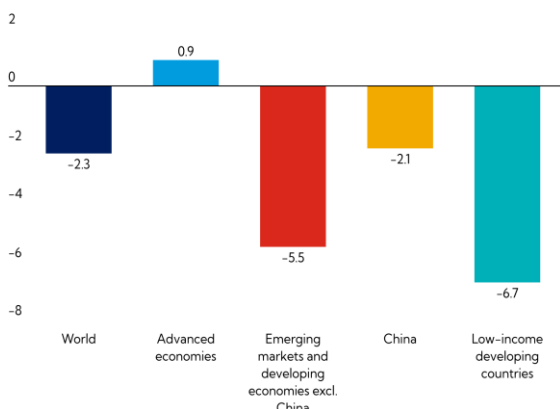
Then there are worries about rising inflation. The assumption that we could all borrow trillions of dollars in newly printed cash was premised on a quick bounce back and only a short burst of inflation. Now bankers and finance ministers are trying to figure out if we all borrowed too much and if so what to do about it.

In their October 2021 Fiscal Monitor, the IMF says the pandemic will leave a [lasting mark](#) on inequality, poverty, and government finances. The [global growth projection](#) for 2021 has been revised down to 5.9 per cent and is unchanged for 2022 at 4.9 per cent.



### A tale of two worlds

Advanced economies are the only income group expected to return to pre-pandemic trends by 2022.  
(percent deviation from pre-crisis trend)



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.  
Note: Bars show the difference in real output four years after the crisis and anticipated output for the same period prior to the crisis for the indicated income group.

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Global debt in 2020 jumped by 14 per cent to a record high \$226 trillion. Public debt now amounts to \$88 trillion, a value close to 100 per cent of global GDP. In 2021 and 2022, public debt is expected to decline by about 1 percentage point of GDP each year; after that, it should stabilize at about 97 per cent of GDP.

Supply disruptions caused by pandemic outbreaks and climate disruptions are creating shortages of key inputs and hampering manufacturing. Coupled with pent-up demand and the rebound in commodity prices it means that consumer price inflation is increasing in the United States, Germany, and many emerging market and developing economies. Food prices have increased the most in low-income countries where food insecurity is most acute, adding to the burdens of poorer households and raising the risk of social unrest.

In advanced economies fiscal policy is shifting away from pandemic emergency and lifelines to supporting a green and digital transformation that aims to be more inclusive. The European Union (Next Generation EU Recovery Plan) and the United States' (American Jobs Plan and American Families Plan) plans could add a cumulative \$4.6 trillion to global GDP between 2021 and 2026 if fully implemented.

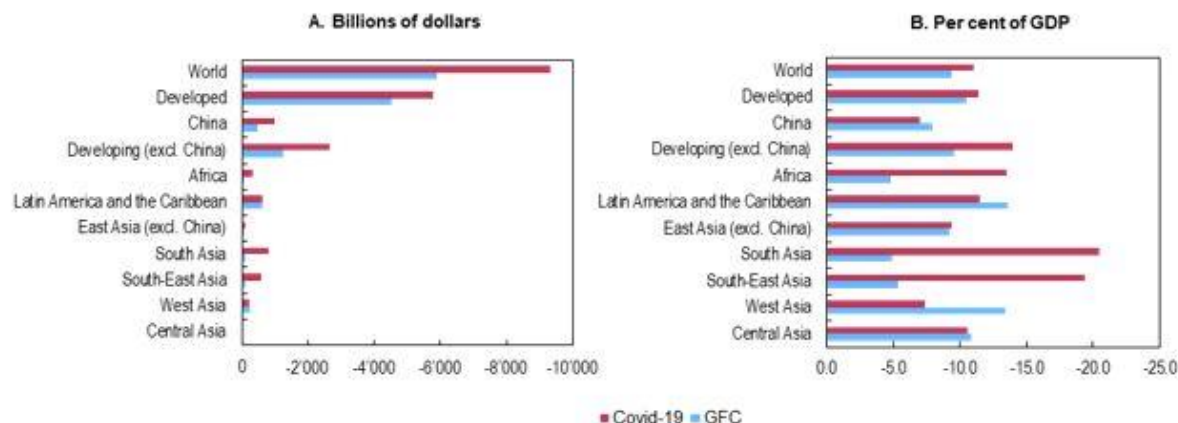
It's a bleaker story for emerging markets and low-income developing countries. Many of their citizens remain unvaccinated and the IMF estimates 65–75 million more people will fall into poverty. Borrowing costs are increasing, and their central banks are raising interest rates to stave off inflation. [UNCTAD](#) assesses that the damage from the pandemic has exceeded that of the Great Recession in most parts of the global economy, but has been particularly draining on the developing world.

[Debt relief](#) for emerging economies is essential. The G20 should lead. The issue of US\$456 billion of Special Drawing Rights (SDRs) to IMF member countries, creating additional international reserve assets is a first step that should be followed by the developed economies and China, passing their new SDRs to the world's poorest countries.





Figure 3: The economic impact of GFC, 2009–2010, vs. Covid-19, 2020–2021



**Source:** UNCTAD secretariat calculations, based on official data and estimates generated by United Nations Global Policy Model.

**Note:** Estimated loss from GFC corresponds to the accumulated income loss of 2009 and 2010, relative to 2006 to 2008 trend; and the estimated loss from Covid-19 corresponds to the accumulated income loss of 2020 and 2021, relative to 2017 to 2019 trend.

To respond to these challenges the IMF is urging governments' act on several fronts:

- Calibrate policies to the pandemic and to economic developments and prospects with continuing support to the [G20 Common Framework](#) to provide debt relief to developing economies.
- Prioritize the transformation of the economy to make it smarter, greener, and more resilient and inclusive *with* greater investment in physical capital, education, and social safety nets, as well as more support for retraining and reallocating workers to new and better jobs.
- Gradually increase tax revenues where necessary and improve the efficiency of spending.
- Strengthen the credibility of fiscal policy to create room for further support in the short term without jeopardizing public credit.

## Trade Tangles

While protectionism prevailed across the board with the onset of the pandemic the WTO's [June Trade Monitoring Report](#) says trade policy restraint by G20 economies prevented a destructive acceleration of protectionist trade measures that would have further hurt the world economy.

It's a start but much more needs to be done.



It's been twenty years since the current round of global trade negotiations began at Doha. The United States continues to block the appointment of new judges on WTO panels despite [efforts](#) by Canada and like-minded nations to find solutions. The WTO's dispute-settlement process is now stalled. Katherine Tai, the U.S. Trade Representative [spoke recently](#) in Geneva reaffirming U.S. support for the WTO but didn't identify what changes they want. In a recent *Foreign Affairs* [piece](#), Peterson Institute CEO Adam Posen says the inward trade policy practised by recent administrations is doing immense harm to American workers and the American economy. But the world does not stop and wait for the U.S. to get its house in order.

## Tax Reform

Happily, there is progress on global tax reform. For years the G20, G7 and the OECD has been wrestling with global tax reform including how to deal with Big Tech, and in Rome leaders are expected to endorse a landmark deal negotiated this month at the OECD and approved by G20 Finance Ministers at their recent Washington meeting. It does two things: sets a global minimum corporate tax rate at 15 percent and ensures that tech giants will now pay taxes in the countries that they operate. The global approach puts a floor on competition of corporate income tax, lifting the pressure to reduce their tax bases to attract foreign investment.

The OECD estimates that when implemented, the reforms have the potential to yield [around \\$150 billion](#) in additional global tax revenues annually. Therein lies the rub because national governments must now pass implementing legislation and, given the polarized U.S. Congress passage is no sure thing, if the U.S. does not lead why should others?



## The Health Crisis

More than 3.75 billion people, or about [48.9 per cent](#) of the global population has been jabbed. For the new director-general of the World Trade Organization (WTO), Ngozi Okonjo-Iweala, vaccinating the world against COVID-19 "is a [moral, practical, and economic imperative](#)."

To meet the [World Health Organization](#) goal of fully vaccinating at least 40 per cent of the population in every country by year's end and 70 per cent by mid-2022 high-income countries need to fulfill existing vaccine dose donation pledges, coordinate with manufacturers

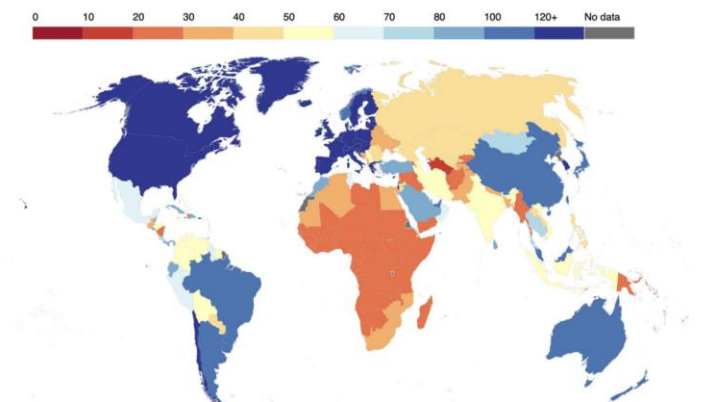


to prioritize deliveries to COVAX in the near-term and remove trade restrictions on the flow of vaccines and their inputs.

### The great vaccine divide

A prolonged COVID-19 pandemic because of a failure to deliver vaccines and vaccine hesitancy could further reduce global GDP by a cumulative \$5.3 trillion over five years.

(expected effective vaccine supply by end-2021; percentage of population)



Source: IMF staff calculations.

Note: Effective vaccine supply = 2\*doses/population. J&J and CanSino volumes have been doubled for compatibility with other two-dose vaccines. Updated as of October 6, 2021.

IMF

[financing facility](#), and both will need replenishing, as well as new thinking on how to keep countries liquid.

While the G20 Health Ministers' [declaration](#) earlier this month encouraged strong multilateral cooperation to end the pandemic and enhance timely, equitable, and global access to safe, affordable, and effective COVID-19 vaccines, therapeutics and diagnostics, it was noticeably shy on the concrete steps that will turn these aspirations into a reality.

The world will continue to face outbreaks as a result of climate change and urbanization, international mass displacement and migration or accidental or deliberate release of a deadly engineered pathogen. As the G20 [looks to the future](#), the IMF experience can be a guide as to reforming WHO operations and governance. A Global Health Board should look at the OECD as well as the Financial Stability Board, established in the wake of the Great Recession to help reform the global financial system. As Rahm Emmanuel once remarked, "[never allow a good crisis go to waste.](#)"

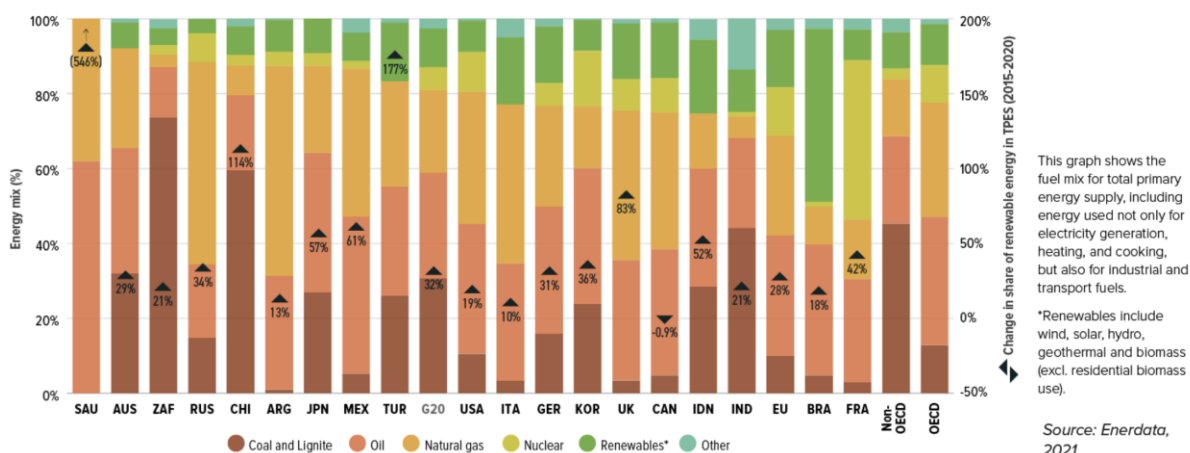
There are lots of ideas to draw from, including the 2016 United Kingdom's global [Review on Antimicrobial Resistance](#) (AMR) that offered a blueprint of recommendations including investments to accelerate the development not just of a vaccine but also of therapeutic treatments and better diagnostics. In the absence of action AMR warned that by 2050 antibiotic-resistant microbes could take up to ten million lives per year, at a total cost of around \$100 trillion in lost output between 2015 and 2050. AMR's chair [Jim O'Neill](#), who now chairs [Chatham House](#), says that the G20 will have "[no excuse](#)" if it fails to muster at least \$10 billion for the immediate



provision of COVID-19 diagnostics and treatments, and another \$10 billion to kick-start the market for new antibiotics.

To put costs in another context: total world military expenditure rose to [\\$1.981 trillion in 2020](#) according to the Stockholm International Peace Research Institute (SIPRI). By contrast the WHO estimates global spending on healthcare to be [\\$8.3 trillion](#). A WHO/UNICEF [costing study](#) concluded that with an additional US\$1 billion per year, immunization could save 10 million more lives in a decade. As it's increasingly likely to be microbes rather than missiles that get us, then more investment into healthcare, and especially into preparing for pandemics, seems prudent.

Total Primary Energy Supply (TPES) mix (level: 2020, percentage change: 2015-2020)



Source: [Climate Transparency Report 2021](#)

## The Climate Challenge

Queen Elizabeth put it best when she was picked up saying of COP that it is "irritating" when "[they talk, but they don't do](#)." Bookend the 95 year-old monarch's tart assessment with that of 18 year-old Greta Thunberg's excoriating world leaders for their "[blah, blah, blah](#)" and you get a sense of intergenerational frustration over the existential threat of climate change. G20 nations account for almost [three-quarters of global greenhouse gas emissions](#).

With most leaders heading to Glasgow for COP26, climate will be very much on their minds. Under the 2015 Paris climate accord, countries set their emissions reduction goals (i.e. nationally determined contributions (NDCs)) but are required to be transparent about them and jointly raise their targets over time to ensure that global warming remains at agreed acceptable levels. Then there is the unfulfilled promise to give \$100bn a year to developing nations to cut carbon emissions.

Neither China, the biggest emitter, or India, the third biggest emitter, met the July deadline for submitting their NDCs. The world has to cut carbon pollution 45 per cent below 2010 levels to achieve the more stringent official Paris goal.



## Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	2020	PROJECTIONS	
		2021	2022
<b>World Output</b>	<b>-3.1</b>	<b>5.9</b>	<b>4.9</b>
<b>Advanced Economies</b>	<b>-4.5</b>	<b>5.2</b>	<b>4.5</b>
United States	-3.4	6.0	5.2
Euro Area	-6.3	5.0	4.3
Germany	-4.6	3.1	4.6
France	-8.0	6.3	3.9
Italy	-8.9	5.8	4.2
Spain	-10.8	5.7	6.4
Japan	-4.6	2.4	3.2
United Kingdom	-9.8	6.8	5.0
Canada	-5.3	5.7	4.9
Other Advanced Economies	-1.9	4.6	3.7
<b>Emerging Market and Developing Economies</b>	<b>-2.1</b>	<b>6.4</b>	<b>5.1</b>
Emerging and Developing Asia	-0.8	7.2	6.3
China	2.3	8.0	5.6
India	-7.3	9.5	8.5
ASEAN-5	-3.4	2.9	5.8
Emerging and Developing Europe	-2.0	6.0	3.6
Russia	-3.0	4.7	2.9
Latin America and the Caribbean	-7.0	6.3	3.0
Brazil	-4.1	5.2	1.5
Mexico	-8.3	6.2	4.0
Middle East and Central Asia	-2.8	4.1	4.1
Saudi Arabia	-4.1	2.8	4.8
Sub-Saharan Africa	-1.7	3.7	3.8
Nigeria	-1.8	2.6	2.7
South Africa	-6.4	5.0	2.2
<b>Memorandum</b>			
Emerging Market and Middle-Income Economies	-2.3	6.7	5.1
Low-Income Developing Countries	0.1	3.0	5.3

Source: IMF, *World Economic Outlook*, October 2021

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2020/2021 starting in April 2020. For the October 2021 WEO, India's growth projections are 8.3 percent in 2021 and 9.6 percent in 2022 based on calendar year.

### Additional Resources

For more on the Italian plans for their presidency see their [website](#).

John Kirton at the University of Toronto provides a complete [Information Center](#) all relevant G20 documents including some of his own work. Look also to the [T20 policy briefs](#) although they are written for wonks.

See also previous CGAI G20 [primers](#).



## About the Author

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*A former Canadian diplomat, **Colin Robertson** is Vice President and Fellow at the **Canadian Global Affairs Institute** and hosts its regular **Global Exchange** podcast. He is an Executive Fellow at the University of Calgary's **School of Public Policy** and a Distinguished Senior Fellow at the **Norman Paterson School of International Affairs** at Carleton University. Robertson sits on the advisory councils of the **Johnson-Shoyama School of Public Policy**, **North American Research Partnership**, **The Winston Churchill Society of Ottawa** and **the Conference of Defence Associations Institute** and the North American Forum. He is an **Honorary Captain (Royal Canadian Navy)** assigned to the Strategic Communications Directorate. During his foreign service career, he served as first Head of the Advocacy Secretariat and Minister at the Canadian Embassy in Washington and Consul General in Los Angeles, as Consul and Counsellor in Hong Kong and in New York at the UN and Consulate General. A member of the teams that negotiated the Canada-U.S. FTA and then the NAFTA, he is a member of the Deputy Minister of International Trade's Trade Advisory Council and the Department of National Defence's Defence Advisory Board. He writes on foreign affairs for the **Globe and Mail** and he is a frequent contributor to other media. The **Hill Times** has named him as one of those that influence Canadian foreign policy.*



## **Canadian Global Affairs Institute**

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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