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G20 JAPAN: BRIDGING THE DIVIDE?

edited by **Antonio Villafranca and Matteo Villa**

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As the US-China trade war rages, and fears of a new confli t in the Gulf loom, world leaders meet in Osaka (June 28-29) at the G20 Summit. Beyond today's crises, the Summit will be a litmus test for the G20 countries' ability to tackle key global challenges: from financial stabili y to climate change, from trade protectionism to aging populations and the future of work in the digital age. Will the sense of urgency prevail over growing divisions?

Drawing upon the recommendations to the G20 Summit of think tanks and research centres of the Think20 (T20), this ISPI Dossier offers insights and policy recommendations to overcome divisions and scale-up cooperation on global challenges.

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*This ISPI Dossier is a collection of essays that take up the recommendations from the T20, but it is neither a comprehensive reflection no an offici summary of the T20 discussions.

The views and opinions expressed in this article are those of the author and do not necessarily reflect the official policy or position of the Italian Institute for International Political Studies (ISPI)

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Julia Pomares
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After turning 10 in the Southern Cone and celebrating anniversary in Buenos Aires, G20 started its second decade of life in Osaka. The G20 was born to deal with the economic crisis and succeeded in the challenge. It was successful in handling the global financial crisis of 2008–2009 and containing its aftershocks. However, despite the importance of today's global challenges, the world does not seem to perceive them with the same sense of urgency. And the tenth anniversary was marked by the tense trade relations between China and the United States and increasing new challenges such as regulating artificial i telligence or crypto-currencies. Climate change, the distribution of the costs and benefits of t ade and technology, and inequality, among many others, are global challenges that create negative externalities. Despite the fact that their effects are felt as strongly in the short term as those of a financial c isis, countries have nowadays little incentive to implement individual solutions because these are costly and those who instigate solutions will not be the only ones to reap the benefit .

Against this background, in 2018 the T20, the network of think tanks advising the G20 has created a Task Force on global governance and the future of politics. It is a forum for prospective thinking about multilateralism and the role of the G20 in an era of global transition. Our goal is to examine how we can strengthen the global governance architecture so that it provides effective platforms to solve global challenges and what role governments, the civil society and the private sector should have to foster inclusive societies and sustainable economic growth. During 2019, the Task Force's recommendations have continued to push this agenda. To begin with, by providing a comprehensive vision on the way forward for the global community. Moreover, by setting forth recommendations for the G20 leaders along 3 domains: strengthening multilateralism at multiple levels by coordinating discussions on global priorities and harmonizing multilateral agreements with domestic conditions; to adapt technology to advance inclusive policymaking for all; and to transform corporate governance as an instrument for cohesion, including a greater alignment with global and social goals.

Since we are convinced of the importance of anticipating the effects these issues will have, the task force has also engaged in prospective thinking to imagine the world to come. With colleagues from different think tanks of all over the world, we have embarked on design thinking exercises meant to study the consequences that three key trends (technological breakthroughs, transformations in the distribution of global economic power, and changes in socio-demographic indicators) will have on different dimensions of domestic and international politics. At the global level, we focus on the intersection between the organization and distribution of our productive structures and political power; that is, the size of fi ms and government structures. On the first dimension, the si e of fi ms, it is unknown whether we will move to a scenario of a platform economy of a vast array of small companies or to a scenario of very large integrated companies. On the second dimension, the size of governance structures, we also are uncertain about whether current nationalist trends will take us to a world of powerful local governments or we will move to a world of stronger global powers.

The way in which these dimensions relate to each other and intersect will result in very different worlds, shaping how we organize our societies and lives. For example, we could live in a world dominated by very few and very large companies that coexist with global governments (a global parliament perhaps or a new version of the United Nations?). In such a world, it would surely be easier to agree on actions against climate change or other global problems. However, it is difficult o imagine how we, as citizens, could participate in decisions that are taking place in global centres. Of course, this world needs very capable political leaders because they have to carry out a double game: coordinate measures and negotiate decisions with large companies, and enact laws that apply to all the citizens of the world. Are we training those political leaders? On the opposite scenario, we could have an ecosystem of small businesses that compete in an environment of local governments. Here global problems will remain unresolved because it is very difficult o coordinate actions, but it would be easier for us to participate actively in decisions.

What will happen to politics and governance in the years to come is not clear for us yet and any predictive analysis will have a large margin of error. But we do know that the decisions we make and the way in which political leaders react today to the trends that are shaping our present will certainly mark our future. Think tanks should play a role in imagining global governance and the future of politics and engaging in the global conversation to get ready for what will come.

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G20 SUMMIT COMMITMENTS: DO THEY REALLY MATTER?

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At the end of their G20 Osaka Summit on June 29, 2019, the most powerful leaders of the world's most powerful countries will release a communiqué containing many commitments to respond to the biggest challenges of today's complex world. But their citizens, increasingly skeptical of the work of such governing elites, will doubt that these commitments will make any difference to their daily lives. After all, why should politicians who do not keep all their promises to their people at home do any better when they go abroad together to govern the world as a whole?

Yet the evidence shows that they do.[1] Since the start of G20 summitry in 2008, G20 leaders have made over 2,500 precise, future-oriented, politically binding, collective commitments and complied with the 255 assessed ones at an average of 71%. Moreover, their compliance has been slowly, if not steadily, rising, reaching a high of 80% compliance with the priority commitments assessed from the 2017 Hamburg Summit.

G20 COMPLIANCE 2008–2017

Between 2008 and 2017, compliance was highest with the G20's core economic and finan e commitments — tax at 85%, macroeconomic policy at 80%, financial egulation at 78%, and labour and employment at 75%. The newer subjects of health, energy, food, climate change, financial institutional reform, trade and development have compliance just below the overall average of 71%. Compliance on gender equality, crime and corruption and the digital economy is much lower.

The highest compliers are the United Kingdom, Germany, Canada, Australia and the European Union, all at 80% or more. The G7 members of the United States and Japan have an above average 74%. Italy is lower, and Argentina, Turkey and Saudi Arabia are in the lowest range.

Some will be surprised by the compliance with the commitments made at Donald Trump's first G20 summi . Hamburg in 2017 had compliance of 80%. Was this the start of a rising tide, repeated at his second summit in Buenos Aires, Argentina, in December 2018? At first glan e the early evidence suggests it was. With only seven months to comply with the 2018 commitments before the 2019 ones arrive to supersede them, compliance with the Buenos Aires priority commitments is 77%.

On the other hand, this could signal a trend toward more broad and less ambitious commitment making and thus easier to implement commitments. After all, the United States was absent from the climate change commitments assessed from the Hamburg and Buenos Aires summits and was not included in the 2017 or 2018 compliance scores.

G20 COMPLIANCE 2018–2019

From the 2018 Buenos Aires Summit, compliance was the highest with the commitments on universal health coverage,[2] the digital economy and energy security, all at 90% or higher. Also high, at 80% or more, was compliance with the commitments on clean energy, malnutrition, the Paris Agreement on climate change, employment, gender equality, macroeconomic policy, infrastructure and reform of the World Trade Organization. Also above the all-time average of 71% were tax, sustainable agriculture, early childhood development, disaster resilience, reform of the International Monetary Fund, data governance and fina -cial regulation.

By member, compliance was led by the European Union at 100%, followed by Australia at 90%. Argentina, Canada, China, Brazil, Germany, France, Japan, Korea and the United Kingdom were all at or above 80%. Italy, which will host the G20 in 2021, rose to an above average 75%. India, which will host in 2022, and Russia had 73%. The United States had an average 71% compliance with the commitments made at Trump's second summit. All other countries were below this.

Thus G20 summit commitments count, by being complied with by the members at a solid level, recently rising to a significa t one. This provides promising momentum for the Osaka Summit. Host Japan, whose compliance has just risen to 80%, is focusing on priority subjects where compliance has been lower overall, thus providing increased attention to them, which can in turn lead to more commitments and better compliance. The task now is to identify and implement measures that improve compliance and assess whether they have the impact intended by the leaders and needed by a troubled world.

1. https://edition.pagesuite-professional.co.uk/html5/reader/production/default.aspx?pubname=&edid=575befaf-ba0f-47c5-b208-95516fa17c0f
2. Ibid.

COORDINATION AND SUSTAINABILITY: THE KEY CHALLENGES OF INTERNATIONAL FINANCE

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During the Think 20 (T20) hosted by Japan in 2019 to prepare analyses and policy proposals for the G20, a specific orking group of think tank experts (Task Force n.2: TF2) devoted its discussions and proposals to the issue of the adequacy of the International Financial Architecture. This has always been a traditional and central theme of the G20. The guiding idea of this Task Force has been to concentrate its analyses and advice on the most urgent and novel aspects and problems that mark the evolution of global financial ma kets and institutions. During the Tokyo T20 final summit a se ies of recommendations were handed to the Japanese government to be brought to the attention of the G20 meetings.

Due to the central role of the IMF in the architecture, TF2 advocates a continuous check of the adequacy of its instruments, the strength of its actions and the evolution of its governance. The complexity of global financial ma kets and interrelations, at a time when policy uncertainties and geopolitical risks can threaten financial stabili y, requires a very active and powerful IMF. It should be able to monitor in a timely and precise way the continuously growing international public and private indebtedness that can cause financial f agilities both in advanced and in emerging/developing economies. TF2's discussions and policy briefs strongly recommend enlarging the size and refining the quality of the portfolio of IMF facilities available to cope with domestic and international financial imbalan es, and with balance of payments crises. The reform of the governance of the IMF has also to be completed, by accelerating some of the plans that were drawn up in past years; in particular, the voting powers and roles of emerging economies should be substantially increased, to fully refle t the changing weights of countries in global production, trade and finan e. Connections and cooperative programs between the IMF and other multilateral international financial institutions should also be reinforced.

As financial globalis tion connects the capital and money markets of the whole world, the monetary and financial policies of different countries are deeply intertwined. In order to be effective these policies must therefore be coordinated. Uncoordinated policies conducted by individual countries tend to spillover in other countries producing undesired effects and often spilling back in the originating countries partly neutralizing the first desi ed impact of their policy moves. To monitor and manage spillovers and spill-backs it is crucial to engage in international coordination, ceasing to conceive of economic policies as impacting only on domestic variables and targeted only to domestic objectives. During last year's Argentinian presidency, the think tanks' experts recommended a method of official oordination of monetary policies. The recommendations stressed in particular the need to coordinate the so called "normalisation" of monetary policies,[1] i.e. the process through which central banks tend to gradually abandon part of the exceptional instruments introduced to cope with the great financial c isis that exploded in 2008 and start to increase the interest rates which had been extremely low or pushed down even below zero. TF2 further reinforces last year's recommendation and extends the call for coordination to the variety of policies directed towards supervising, enhancing and preserving financial stabili y. Coordinated decisions should also aim to obtain a gradual decrease of the ratio between total private and public debt and GDP. In fact the increase in this ratio keeps being a potential threat to the liquidity and solvency conditions of financial institutions and ma kets. A joint effort is required to avoid that excessive indebtedness generates dangerous episodes of international financial instabili y.

Global and regional cooperation is also recommended to collect information on cross-border capital fl ws to effectively monitor their origins and destinations as well as excesses that sometimes concentrate financing in ertain countries. It is also key to minimize the risk that indebted countries be exposed to disruptive sudden stops of foreign financing th t seriously destabilize their economies with bad consequences also for other countries connected with them. The G20 should therefore make sure that the IMF, the BIS and other international institutions reinforce their monitoring on global capital fl ws.

1. F. Bruni, J. Siaba Serrate, and A. Villafranca, "The quest for global monetary policy coordination", Economics, No. 2019-5, 11 January 2019.

TF2 also makes several proposals to deal with one of the recent developments in financial ma kets: the introduction of complex technological innovation in the execution of financial ontracts and in the payments and settlement systems. The so-called "Fin-Tech" has been recognized as a great opportunity as well as a source of potential new problems and risks that regulators and supervisors must monitor with care. The so called "crypto-assets" (bit-coin-type instruments and similar innovative assets) need the introduction of new regulations, including registration systems to enforce 'Know Your Customer' rules. With good regulation and surveillance Fin-Tech should be promoted and spread as it can enhance the efficie y of financial markets and enrich the provision of financial se vices. However, in the absence of adequate supervision these innovative financial echnologies can facilitate frauds, decrease the transparency of transactions and destabilize financial ma kets.

Last but not least, recommendations also dealt with the theme of sustainable finan e. The role of international financial ma kets to support models of sustainable growth can be very important. Sustainable development goals require investments to progress on environment and social grounds. From anti-pollution to water provision, from support for extreme poverty and hunger to investments for improving health and education, managing climate change and providing essential infrastructures to foster trade and growth, the G20 should ensure that international financial institutions p ovide a comprehensive conceptual vision: an evolving road map and a detailed action plan to involve various actors in the pursuit of the increased sustainability of the features with which private and public investors shape the growth model of the world.

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TRADE AT THE TIME OF PROTECTIONISM: WHY THE G20 CAN HELP

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International trade is facing many risks, according to the WTO trade forecast of September 2018. Among these are rising trade tensions and global protectionism, as well as increased financial olatility as developed economies tighten their monetary policy. Consequently, the WTO downgraded world merchandise trade growth to 3.9% (2018) and 3.7% (2019) respectively.

The most imminent threat to international trade is the escalating US China trade war, which leads to tariff escal tion between both major players. This does not only affect the growth outlook for the US and China, but third countries and regions (including the EU) are affected as well. Rising protectionism and increased uncertainties pose severe threats to global trade.

Another confli t is threatening the functioning of the WTO as the guardian of an open and rules-based global trading system. The current US administration refuses to appoint new judges to the Appellate Body, which will cease to function in December 2019, if the US does not change its position. So far, the US is not willing to engage in serious reform discussion with other WTO member states, including the EU. Therefore, the threat to the WTO is real.

In addition, the WTO faces a credibility problem due to the fact that the current multilateral rules are outdated. With the exception of the Trade Facilitation Agreements, all rules date back to 1995, the creation of the WTO. In addition, the Doha Round is making no progress so that the WTO is losing its ability to advance trade liberalization and to deal with modern trade realities.

OPTIONS AVAILABLE FOR THE G20 TO TACKLE THE ISSUE

The G20 per se is no immediate player in trade negotiations. Nevertheless, the G20 has a special responsibility for trade and the multilateral trading system. All major trading partners are present and the dividing lines in trade run across G20 member countries. Therefore, the G20 is an ideal forum for informal discussions at the highest political level on how to overcome deadlocks in trade talks. The WTO members then need to make the final decision .

Unfortunately, the G20 has a bad record on trade. Despite frequent promises to refrain from protectionism, G20 countries are responsible for the majority of protectionist measures. G20 countries also failed to find possible solutions for the Doha Round. However, a success in global trade issues would greatly increase the legitimacy of the G20 as the premier forum for international economic cooperation. What are the important issues?

MODERN TRADE RULES FOR THE WTO

Right now, there is no shared purpose among WTO member states anymore. Therefore, the only way forward is through plurilateral agreements among like-minded countries. What should the G20 do?

First, it should try to find a onsensus on how to design plurilateral agreements. The T20 recommended in Tokyo in May 2019 that the benefits of plu ilateral agreements on trade liberalization should be open to all WTO members (so "called critical mass agreements"), whereas plurilateral agreements on new rules could also be just applicable to the members of the group (so called "open plurilaterals").

Second, the G20 needs to reach a consensus on what kind of modern trade rules are needed for the WTO. At the 11th WTO Ministerial Conference in Buenos Aires four plurilateral initiatives were started on e-commerce, investment facilitation, services domestic regulation, and Micro, Small & Medium Enterprises (MSMEs). But these initiatives are not enough. There are many more trade issues, which need to be advanced, such as services trade, trade in environmental goods, rules on how to deal with harmful subsidies, or overcapacities. The G20 is a good forum to reach a preliminary agreement: What are the interests of developed countries such as the US or EU? How far is China willing to go to modernize WTO rules? And what solutions are possible to overcome the objections by South Africa and India?

COHERENCE OF BILATERAL AND PLURILATERAL FTAS

If major G20 member states continue to revert to bilateralism and mega trade deals (CPTPP, RCEP, EU-Japan FTA, USMCA etc.), G20 member countries should start discussions on "best practices" on how to avoid incompatible agreements (e.g. regarding rules of origin or standards in new trade issues).

STRONGER PEER REVIEW AGAINST PROTECTIONIST MEASURES

Another aspect, where the G20 must deliver, is on the promise of free and open borders. Particularly in the present period of global trade slowdown, the G20 needs to get serious about tackling protectionism. However, the G20 works by consensus and in the present climate, a new pledge would probably be mere lip service. However, this is an important issue, which needs to stay on top of the agenda for the future.

NEW RULES FOR GLOBAL INVESTMENT

The G20 must also deal with rules for global investment, which is barely regulated on a global level. Instead, countries have negotiated numerous bilateral and regional investment treaties. The non-binding 'G20 Principles for Global Investment' call for open, non-discriminatory, and transparent conditions for investment while reaffirming the right to regulate investment for public policy purposes. The G20 needs to work on these principles and enhance them further.

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CLIMATE AND ENVIRONMENT: 7 WAYS TO BOOST SUSTAINABILITY

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The G20 has the potential and responsibility to lead the world in developing more sustainable economic systems and life styles. Today's patterns of consumption and waste generation are unsustainable. They contribute to social inequalities and the environmental degradation that is polluting our oceans, heating up the planet, threatening species survival, and contributing to the spread of disease. Economic, agricultural and energy systems will need to be transformed in the coming decades if we are to leave our children and future generations with the opportunity to lead healthy and prosperous lives.

CLIMATE CHANGE: AIMING AT CARBON NEUTRALITY

There is basic consensus that climate change is a real and serious threat to human societies and ecological systems. The burning of fossil fuels and deforestation for agricultural and development purposes are major causes of global warming. Global average temperatures are already around one degree Celsius above pre-industrial levels and current policies and measures are insuffici t to prevent a temperature increase of 1.5 degrees C, or 2 degrees C as negotiated in the Paris Agreement. Due to the size of their economies, the G20 is responsible for about two-thirds of the greenhouse gas emissions currently emitted globally. This puts a large responsibility on its members to take the lead in decarbonizing energy systems, as is being demanded by more and more young people around the world.

INVESTING IN RENEWABLE ENERGY DEVELOPMENT AND DEPLOYMENT

There are clearly still differences within the G20 regarding where climate action stands on national agendas, yet there are positive signs. Most visible is the growing interest in the development of renewable energies. Many G20 members have set renewable energy targets for 2030. This is important as it sends signals to industry and financial institutions regarding investment priorities. Furthering the development and deployment of renewable energies will not only help the environment, it can help regions of the world that still have limited or no access to electricity whatsoever. More decentralized energy systems can promote greater prosperity and citizen involvement in sustainable economic development.

ENHANCING ENERGY EFFICIENCY

Energy efficie y improvements are another area where much potential exists. There is still tremendous waste in how energy is produced, transported, and consumed. By using energy more effici tly, costs can be reduced leaving more money available for other purposes. There are large potentials for energy savings not only in industries but also in the building and transport sectors. This will, however, also require cooperative financia , technical, and educational mechanisms to assist developing countries in making energy efficie y improvements. Putting a price on carbon can contribute to the promotion of energy efficie y as can the introduction of technical and process standards. Making greater use of digitalization and artificial intelligence to enhance efficie y can generate many co-benefit .

DEVELOPING CIRCULAR ECONOMIES: USING RESOURCES WISELY

Although recycling has become more common, the world is swimming in plastic and electronic waste and all too often toxic and other hazardous wastes are still dealt with inadequately. There is also the problem that valuable natural resources are being lost. The G20 should strengthen their resolve to alter wasteful consumption patterns and promote the development of circular economies. This will involve educating populations about how to consume more wisely, but also at times introducing regulatory measures, such as the banning of the use of one-way plastics. It means cutting down waste, such as unnecessary packaging of products and food waste from supermarkets and restaurants. It involves developing systems for the reuse of construction materials and enhancing the use of recycled materials in the production of products. A circular economy strives at near-zero waste. If products can be produced in such a way that they can be more easily recycled at the end of their product life, waste can be minimized, saving natural resources and money at the same time.

SHIFTING INVESTMENTS IN SUSTAINABLE DIRECTIONS

Governments through their purchasing power and fina -cial institutions (banks, pension funds) and through their investments have very large environmental footprints. Currently, purchasing practices are often based on lowest cost bids, which do not take long-term environmental and energy costs into consideration. Shifting accounting practices to promote green development that favors energy and resource efficie y can be a win both for the environment and for government budgets. Similarly, green investment should be promoted. Pension funds, for example, should be required to invest in sustainable development programs and projects rather than in industries which are polluting or in other ways damaging the environment and long-term growth potential.

PROVIDING OPPORTUNITIES FOR RURAL COMMUNITIES THROUGH SUSTAINABLE DEVELOPMENT

In many countries, rural communities are experiencing population loss and the aging of populations. Economic chances are dwindling and there is a push towards greater urbanization. Renewable energy projects, organic farming, and small-scale production of sustainably produced goods are just some of the ways that a shift toward more decentralized energy systems and sustainable production can help provide greater opportunities for rural regions.

BUILDING RESILIENT AND PROSPEROUS COMMUNITIES

Climate change, biodiversity loss, and resource depletion threaten human health and survival. Greater investments will be needed to strengthen the ability of communities, and especially those in developing countries, to take preventive measures to minimize threats from extreme events and preparatory measures to deal with disasters when they do occur. Communities need to be given the tools to themselves develop programs fitting o their situations. This will require greater investments in capacity building through knowledge exchange and technological cooperation. Partnerships will be crucial.

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AGING SOCIETIES: WHAT IMPACT, WHICH RECOMMENDATIONS?

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The implications of aging societies have been rising on advanced economy agendas for a long time. The challenges posed by a shrinking labor force, potential declines in productivity and a growing number of retirees which, in turn, threaten the sustainability of pension systems and public finan e in general are cases in point. In the recent past, several middle- and low-income countries have also been increasingly exposed to the aging of their populations. This demographic transition has substantial socio-economic implications and poses significa t challenges in different areas. At the same time, it creates opportunities for governments to design innovative policies to adapt to this development.

Against this background, the T20's Task Force 10 on "Aging Population and its Impact & Migration" has produced twelve policy briefs, which have been presented during the T20 Summit in Tokyo and are freely available on the T20's website. The recommendations they outline can be grouped in three categories. First, recommendations directly focusing on the reform of pension systems. Second, recommendations on policies that are indirectly linked to pension systems and, hence, also have an impact on their sustainability. Finally, recommendations that have a broader focus and cover issues that are not necessarily linked to pension systems but are, nonetheless, crucial for the success of any strategy seeking to tackle the aging of societies.

RECOMMENDATIONS DIRECTLY RELATED TO PENSION SYSTEMS

Guaranteeing adequate retirement income is vital to ensure that the benefits of e onomic growth are equitably distributed across society. With this in mind, governments across the world have been taking a variety of steps to deal with the aging of societies and its impact on the sustainability of pension systems. These steps range from specific i terventions (including cutting pension benefits and raising retirement ages), to comprehensive reforms (such as the 2008 pension reform in Chile and the 2012 "Fornero Reform" in Italy). Whereas no "one-size fits-al " solution exists, reforming pensions systems is a priority for governments worldwide. Several T20 briefs offered recommendations for steps in this direction, in particular by postponing retirement (e.g. by gradually increasing the retirement age, removing mandatory retirement laws and reducing the use – or increasing the cost – of early retirement), and boosting private savings for pensions as well as eliminating unjustified subsidies such as "privileged pension" schemes. Further emphasis was put on the need to better target the benefits owards the less well-off and to take into account the distributional impact of any policy designed to improve pension systems, e.g. tax incentives to boost pension savings which, in some cases, have been proven to be highly regressive.

RECOMMENDATIONS INDIRECTLY RELATED TO PENSION SYSTEMS

Reforming pension systems without considering other areas that are strongly interconnected with pension and retirement systems is likely to generate inconsistent policy choices that can jeopardize the overall effectiveness of reforms. For instance, labor force participation (particularly of female and elderly workers) as well as migration and education (financial li eracy) are crucial determinants of the sustainability of pension systems, e.g. by directly affecting dependency ratios (the number of persons in active versus inactive age bands). Against this background, several briefs included recommendations to simplify and encourage job seeking for seniors, introduce mandatory and adequate maternity leave as well as paid parental leave schemes. Likewise, in middle- and low-income economies, it is crucial to ensure that the necessary conditions (including level of earnings and job security) for women and elderly workers are satisfied so th t the increase in participation rates is not associated with lower wages and worse working conditions. When it comes to migration, some briefs highlighted the critical role for governments to implement fl xible immigration policies, as migrants tend to be predominantly of working age and, hence, immigration increases the share of working-age people in the total population.

BROADER POLICY RECOMMENDATIONS

Finally, some briefs underlined the need of taking a systemic view when it comes to the reform of pensions systems. In this context, several recommendations focused on issues that are not directly related to pension systems but remain vital in order to deal with the aging of societies. For instance, given its significa t potential to raise the productivity of healthcare in aging populations, one of the briefs encouraged the use of Evidence-based Medicine (EBM). Other proposals included improving data and analysis on population and economic linkages, tackling informality, increasing public investment in education, housing and (digital) infrastructure as well as boosting foreign direct investment, which is seen as a win-win solution for aging societies and "younger" middle- and low-income economies.

WORK, EDUCATION AND SOCIAL PROTECTION IN THE DIGITAL AGE

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Major technological transformations such as artificial i telligence, big data, FinTech, the Internet of Things and Industry 4.0 are putting the global economy on a new track. These innovations will bring immense economic opportunities as well as dramatic changes in industries, employment and required skills that will create major challenges for individuals, businesses and governments.

Education is a key driver for sustainable and inclusive development. The global community is determined to ensure that all human beings can fulfill their po ential in dignity and equality; to protect the planet so that it can support the needs of the present and future generations; to ensure that all human beings can enjoy prosperous and fulfilling li es; and to foster peaceful, just and inclusive societies. However, education now faces the broad challenge of equipping people to deal with rapid technological changes in the Digital Age that are affecting the demand for skills, the nature of work and the global allocation of employment. A key implication is that the economic value of individuals' skills will depreciate more rapidly than before, and that reskilling and lifelong learning will become integral parts of individuals' working lives. Current educational systems will need to be reformed substantially to meet these challenges.

Moreover, in this fast-changing environment, disadvantaged groups such as the poor, women, rural residents, Small and Medium Enterprise owners and migrants face special difficulties in obtaining adeq te education and training. This requires special efforts to provide adequate education and training for these groups. New modes of work arising from these developments also pose new challenges. Workers on platforms need to be able to access normal levels of social protection such as pensions, health insurance, unemployment insurance and employment protection.

Standards and metrics need to be developed for the required skills in this new environment, including digital literacy, financial li eracy and digital financial li eracy. Surveys need to be carried out to determine the current status of skills and to identify gaps and shortfalls.

In response to these challenges, G20 countries should adopt policies that achieve well-balanced labor markets capable of matching skills supply and demand in an environment of rapidly evolving technology while reducing inequalities and promoting economic and social development. G20 countries should also develop educational systems that promote equal opportunities, lifelong learning and reskilling, and digital literacy. Three major areas need to be addressed: promoting lifelong learning and work; promoting digital literacy and other future-oriented skills; and promoting social protection for the platform economy.

PROMOTING LIFELONG LEARNING AND WORK

As mentioned above, the rapid evolution of skills requirements for the labor force imply that the processes of reskilling and lifelong learning need to be institutionalized in both employment and educational systems. For example, policies should be adopted to encourage more individualized and fl xible learning as well as certific tion processes that facilitate skilling, reskilling and upskilling of workers through greater participation in alternative and non-formal education programs like "Technical and Vocational Education and Training" (TVET) and other work-based learning models. In particular, it is important to help vulnerable groups most likely to be affected by skills displacement such as poor, aging and low-skilled people, women and small business workers by supporting policies and programs aimed at improving digital access and equity.

PROMOTE DIGITAL LITERACY AND OTHER FUTURE-ORIENTED SKILLS

It is broadly recognized that digital skills will be increasingly required of workers in the Digital Age. To this end, it would be helpful to establish a collaborative body to develop a comprehensive digital skills strategy that advances the training, preparation for work and civic life, and well-being of all. G20 countries should support the development of standardized metrics and assessment tools for measuring digital literacy. These metrics and assessment tools should emphasize the multidimensionality of digital literacy, including technical skills, socioemotional human skills, and specific ompetencies in areas such as digital financial li eracy in light of the rise of FinTech.

A further step would be to promote the development of guidelines and best practices for transforming digital literacy into tangible outcomes in the work place and beyond. Digital dividends to bridging the skills divide should also be define , especially in terms of employability and social mobility.

G20 countries should also support the creation of a coalition or advisory board to develop a coordinated approach to promoting digital skills literacy. This includes developing and implementing standardized skills and assessment tools for establishing targets, tracking progress, and updating policies and programs to bridge the digital skills divide, especially for vulnerable groups.

PROMOTE SOCIAL PROTECTION FOR THE PLATFORM ECONOMY

The development of the platform or "gig" economy provides new avenues for globalizing the labor force, and has the potential to have major impacts on national labor markets. The emergence of global markets for virtual services can be a powerful source of economic growth, but global governance is needed to address issues of regulation, worker protection and cost arbitrage. This makes it a strong candidate for the development of policies by G20 countries.

The first s ep is to gather more information. This includes carrying out more studies to assess the benefits and cha -lenges of the emergence of the platform economy and the "servific tion" of economic transactions, and develop an international strategy including definition , metrics and assessment tools for measuring the platform economy and its impact on labor markets.

Second, the global nature of such platforms points to the need to adopt guidelines and reform existing frameworks for updated and more coordinated global governance of platform economy transactions. In particular, social protection coverage for platform workers needs to be strengthened. This includes fostering data-sharing and regulatory collaboration with platform fi ms to ensure worker rights, govern user data and facilitate healthy competition among fi ms; coordinating definitions of ormal legal categories around platform work; and devising integrated systems to tax and target appropriate social benefits o platform workers.

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AFRICA AND G20: NOT JUST DEVELOPMENT

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As the world's premier forum on international economic governance, the G20 plays an important role in global rule-making. Born out of crisis, the G20 has morphed into the inner sanctum of world governance. Given that Africa has been a rule-taker since its decolonisation, its limited participation in this grouping (only South Africa is a full member) runs the risk of perpetuating this situation.

For Africa the G20 is important for three reasons. First, the erosion of the multilateral system is deleterious to Africa's interests, made up as it is of small economies. Second, in the global context the continent still faces huge developmental challenges, often exacerbated in certain regions by long-standing conflicts and poor governance. The changes in the global economy and how the G20 sets about advocating for responses, present both opportunities and pitfalls in this regard. Moreover, for all its political, economic and developmental challenges, Africa has exhibited much more agency in recent years. Lastly, Africa has been willing to resolve some of its challenges on its own, and is unwilling to sit on the side-lines of major global governance debates. Its demographic dividend holds great potential for the future. Furthermore, global agendas such as the Sustainable Development Goals, the Paris climate change agreement and managing migration cannot be advanced without Africa's meaningful engagement.

Under successive G20 presidencies Africa has featured as part of the discussions in the G20 Development Working Group, a permanent organ dedicated to policy fostering sustainable development and narrowing the development gap, as well as in various other workstreams, including in the finance track. The future of work, infrastructure for development, illicit financial flows, the future of the world trading system, sustainable food futures and energy transitions to name a few, all carry resonance for African states and their 50-year vision of Agenda 2063.

The Japan G20 presidency in 2019 focused on a number of issues that have a bearing on African concerns such as fiscal and debt sustainability, quality infrastructure and digital governance. A number of these, as well as other elements, formed part of the deliberations of the Think

20 Africa Standing Group and the associated task force on Africa.

The growing concern among many developed countries that African states' debt was rising again was driven by the fact that the number of African countries at high risk or in debt distress had more than doubled passing from 8 in 2013 to 18 in 2018. Close to 40% of sub-Saharan African countries are at risk of a major debt crisis, according to the World Bank. While it was important to distinguish between debt raised for investment and that raised for current expenditure, it was nevertheless important for the G20 to support debt data reporting and standardisation to ensure that domestic revenues were not lost to profit shi ting and that multilateral development banks were adequately capitalised to offer countries alternative solutions to expensive or risky foreign currency debt in international capital markets. Debt transparency among G20 members was also imperative.

The Africa task force also emphasised that G20 countries needed to recognise that African states faced significa t challenges in implementing international requirements related to taxation and tackling base-erosion and profit shifting and that they should not penalise them for failing to implement international tax standards they did not have the capacity to implement. Frameworks were often developed without bearing in mind the consequences for small, less developed economies.

While the global trading system was coming under significant pressure from protectionist and unilateralist action by powerful countries, the G20 needed to push for World Trade Organization (WTO) reform and equally to address many G20 countries' trading practices, especially subsidies and non-tariff ba riers that undermined G20 members' standing in international trade negotiations. This was also relevant to the G20's agricultural trade practices. Africa had recognised the trend in the regionalisation of trade agreements, and was rolling out the African Continental Free Trade Agreement so as not to be left behind; however, such initiatives could not and should not replace the multilateral trading system.

Over the years, the G20 has made a number of commitments to promote agriculture and food security, with the emphasis on integrated, inclusive and equitable development of the global food system. To realise this the G20 should promote policies and practices that provided opportunities to smallholder farmers, including women, in the agro-processing industry. In this context, digital technology could play a key role by creating an information system for food market transparency.

In the area of digital governance and e-commerce Africa was concerned about unilateral moves to create faits accompli by certain developed countries, that also had an impact on domestic revenue generation. The growth of e-commerce should not undermine tax collection. Equally Africa's demographic trajectory over the next three decades means that the continent will generate volumes of data. If data were the new oil in the 21st century, who owned them would become wealthy. Thus the issue of data ownership is not only related to privacy but also to the fact that countries or actors are in a position to exploit them for their own enrichment.

Global rules to which all countries are held accountable are important as they are intended to level the playing fiel . This is especially true for smaller countries that do not have the luxury of might to project their interests. However, global rules need to be fair and take into account the different contexts that developed, developing or emerging economies face. Keeping Africa on the G20 agenda is important, but even more consequential is considering how the G20 incorporates the concerns of developing regions such as Africa into the way it determines global rules.