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Digest

EDITORIAL

ARTICLES

How the OECD/G20 Inclusive Framework on BEPS is Tackling Today's Tax Challenges
Pascal Saint-Amans

Developing Country Demands for an Equitable Digital Tax Solution
Abdul Muheet Chowdhary

Connectivity Initiatives by G20 Countries: Convergence or Divergence?
Arun S. Nair

PERSPECTIVES

Governments Must Seize the Unique Opportunity – Put People, Planet and Prosperity at the Heart of COVID-19 Recovery

S.Ramadorai, Ranjit Barthakur, Arun Sahni and Ashok Khosla

IMPORTANT NEWS

G20 Digest

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G20 Digest

Vol.1 | No.3 | September 2021

CONTENTS

EDITORIAL 1

ARTICLES

How the OECD/G20 Inclusive Framework on BEPS is Tackling Today's Tax Challenges 3
Pascal Saint-Amans

Developing Country Demands for an Equitable Digital Tax Solution 13
Abdul Muheet Chowdhary

Connectivity Initiatives by G20 Countries: Convergence or Divergence? 19
Arun S. Nair

PERSPECTIVES

Governments Must Seize the Unique Opportunity – Put People, Planet and Prosperity at the Heart of COVID-19 Recovery 33

S.Ramadorai, Ranjit Barthakur, Arun Sahni and Ashok Khosla

IMPORTANT NEWS 37

Dealing with Digitalization: A Policy Priority for the Future

Digital economy and services sectors have started dominating the global economic landscape for some time now. All countries are gearing up to invest heavily in digital infrastructure and open up services sectors especially financial services for higher trade and investment. In emerging markets and developing economies, the pace of digitalization is rapid and has been accelerated by the pandemic. This is certain to be the catalyst for economic transformation in the future. Application of digital technologies such as artificial intelligence, robotics, big data, machine learning, block chain, internet of things (IoT), etc. is enabling faster growth and diversification of digital economy in many countries of the world. The growing size of the digital economy is increasingly getting manifested in diversification of occupations, better investment opportunities and scope for business expansion. On the other hand, the infrastructure sector is undergoing tremendous changes necessitating innovative funding models and transparent & predictable governance frameworks.

The greater and intensive use of digital platforms demands policy and regulatory changes. For instance, digital taxation is a contentious area of policy, nationally and globally. Besides the United Nations and OECD, G20 is also discussing the ways digital taxation issues can be dealt with. Pillars of Inclusive Framework and lack of consensus among countries on the suitability and adequacy of provisions appears to be unsettled for the time being. Significant economic presence, allocation of profits of multinational enterprises, revenue gain/loss, etc are tricky policy issues the countries are grappling with. Two papers in this issue of *G20 Digest* cover the features, scope and gaps of the existing digital taxation frameworks which would perhaps contribute to the thinking on the subject among the scholars and practitioners in G20 countries.

The third article in this issue examines the cross-border connectivity models in vogue which have implications for digital infrastructure in particular and digital economy in general. Connectivity initiatives broadly differ in terms of funding arrangements, project objectives, terms of lending and execution modalities. Many G20 countries are part of one or more connectivity initiatives globally. In that spirit, this article assesses whether there is any convergence in those connectivity models and what it implies for the future cross-country connectivity projects. We hope the readers would find this issue of the *G20 Digest* useful in their respective spheres of engagement.

Enjoy reading it.

Priyadarshi Dash

Research Article

How the OECD/G20 Inclusive Framework on BEPS is Tackling Today's Tax Challenges

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Pascal Saint-Amans*

Abstract: As part of the G20 mandates given to the OECD since 2008, the OECD has been front and centre in shaping an international tax system fit for the 21st century. Despite the difficulties resulting from the pandemic, the negotiations to reach an agreement on a solution to address the tax challenges arising from digitalisation and globalisation of the economy and obtain international consensus on a minimum level of tax on the profits of multinationals continue to advance within the forum of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) – the "Inclusive Framework." In July 2021, 132 members of the Inclusive Framework joined a Statement on a Two-Pillar solution, and further details will be finalized by October 2021. This paper takes stock of the progress made to date, as well as other G20 related achievements the Inclusive Framework continues to deliver relating to the international tax agenda. The international collaboration to tackle BEPS has had a positive spill over effect into other areas. As this paper demonstrates, the Inclusive Framework has collaborated to tackle other pressing, collective challenges such as responding to COVID-19, tax and development, as well as environmental tax issues.

Introduction

For over a decade, the OECD and G20 have worked together on advancing a fairer global tax system, notably ending bank secrecy and the most aggressive form of international tax avoidance. Central in this endeavour has been the alignment of taxation with substance to make tax rules fit for the 21st century, on which the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) – the Inclusive Framework – has worked since the Framework's inception in 2016. This work has become all the more important as countries and jurisdictions continue to enact unprecedented fiscal packages to counteract the effects from the ongoing COVID-19 crisis in an effort to support households and businesses and keep the economy afloat. The need for international coordination to ensure that the world's largest and most profitable companies pay their fair share of taxes in the market jurisdictions where

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their users and customers are located and restore stability to the international tax framework is greater than ever, as the COVID-19 pandemic has accelerated digitalisation, public finances are increasingly strained and tolerance for tax avoidance by multinational companies (MNEs) in the current environment is nil.

Addressing Tax Challenges of Digitalisation

The G20 and the Inclusive Framework have worked steadily for years to overhaul the international tax system by addressing the tax challenges arising from digitalisation of the economy. A milestone was reached with the adoption by the Inclusive Framework at its plenary meeting on 1 July 2021 of the "Statement on a Two-Pillar Solution to Address the Tax Challenges Arising From the Digitalisation of the Economy" (OECD, 2021). Today, 132 out of the 139 members of the Inclusive Framework representing more than 90 per cent of global GDP have joined the "Statement", which represents historic agreement to ensure that the world's largest and most profitable companies pay their fair share of taxes in the market jurisdictions where their customers are located and introduces a global minimum tax. After years of effort to find a solution, there is finally a global deal that could stabilise the international tax regime, provide more tax certainty for business and improve the fairness of tax systems.

A global tax overhaul is a necessary response to two fundamental problems to continuing to operate under century-old tax rules' in today's globalised and digitalised economy. First, under the current rules, MNEs are only obliged to pay tax in foreign markets where they carry out business if they have a physical presence there. This made sense 100 years ago, when business revolved around factories, warehouses and physical goods. But as the economy has digitalised, MNEs have often come to conduct large-scale business in market jurisdictions with little or no physical presence there, representing "scale without mass"(OECD, 2018).

The second problem is that MNEs are able to shift their profits to low-tax jurisdictions and avoid paying tax. This is not a novel issue, but with the increasing importance of intangibles like brands, copyright and patents, it has become far too easy for MNE profits to bed shifted to low-tax jurisdictions and escape taxation. Profit shifting by large MNEs is further facilitated by the fact that many jurisdictions offer reduced taxation to attract foreign direct investments. The OECD estimates corporate tax avoidance costs anywhere from $100-240 billion annually, or from 4-10 per cent of global corporate income tax revenues.

Under the two-pillar solution to address the tax challenges arising from digitalisation and globalisation, Pillar One aims to reallocate profits and of taxing rights among countries, whereas Pillar Two aims to establish a global minimum corporate tax. The July 2021 agreed Statement is the result of years of sustained effort by the G20 and the Inclusive Framework members, to bring about tax reform that could benefit all. In October 2020, the OECD/G20 Inclusive Framework agreed the Reports on the Pillar One and Pillar Two Blueprints (OECD, 2020a). At that time, it was agreed that the Pillar One Blueprint was a "solid basis for future agreement" and the Pillar Two Blueprint provided the foundation "for a systematic solution that would address remaining BEPS challenges." The Inclusive Framework agreed to "swiftly address the remaining issues with a view

to bringing the process to a successful conclusion by mid-2021 and to resolve technical issues, develop model draft legislation, guidelines, and international rules and processes as necessary to enable jurisdictions to implement a consensus-based solution."

A breakthrough in the negotiations came when U.S. Secretary of the Treasury Janet Yellen communicated that her country would no longer advocate its "safe harbour" proposal for Pillar One, which would have made the new regime optional for MNEs. This new position, taken in March 2021, provided a boost to the negotiations (G20, 2021a). Shortly thereafter, Secretary Yellen tabled the new U.S. proposal on Pillar One and officially endorsed Pillar Two, proposing a specific minimum rate of 21 per cent, as the G20 Finance Ministers gathered virtually in April 2021. The proposal by the U.S. administration was welcomed and launched a new dynamic towards consensus. The momentum gathered at the Inclusive Framework was multiplied by the support of the G7 in early June. The G7 Finance Ministers meeting resulted in public endorsement of the ongoing efforts and called for a Pillar One reallocation of 20 per cent of the residual profit under Pillar One, and a global minimum tax of at least 15 per cent under Pillar Two. With public support from finance ministers of Germany, Indonesia, Mexico, South Africa, and the United States following days later in an op-ed in the Washington Post, there was clear and mounting high-level political pressure supporting the two-pillar project.

Under these conditions, negotiations intensified in the spirit of compromise and collaboration, leading to the broad support of 132 out of 139 countries obtained in July 2021. On 9 July 2021, the G20 Finance Ministers and Central Bank Governors endorsed the two-pillar agreement on international taxation reached at the Inclusive Framework. The G20 members called on the Inclusive Framework to finalise the technical aspects of the agreement and to put forward a detailed implementation plan before G20 finance ministers' next meeting in October 2021. The 1 July Statement outlines an ambitious timeline for implementation, with the legal framework being put in place in 2022 so the agreement can be effective in 2023 (OECD, 2021).

Pillar One: Renovating the International Tax Architecture

Under Pillar One the current international tax rules, which were established 100 years ago when taxing rights were linked to the physical presence of brick and mortar companies, will be adapted to new business models through an update of the profit allocation and nexus rules. The new rules will allow a market jurisdiction to tax a foreign company even when the foreign company does not have a physical presence on its territory. This modernisation of tax rules counters globalisation's tendency to concentrate profits in a handful of MNEs that can easily manipulate the system. Countries must better share taxing rights on the profits made by the winners of globalisation, in particular those that have profited from the digitalisation of the economy.Under Pillar One, the profits of MNEs are better allocated so that market jurisdictions (where a product or service is sold) get a fairer portion of the taxing rights on such profits. Pillar One also aims to significantly improve tax certainty by introducing mandatory and binding dispute prevention and resolution mechanisms in relation to the new taxing right.

The new rules under Pillar One apply to all businesses with global revenues of more than 20 billion euros and a profitability of more than 10 per cent. This broad scope stems from an April 2021 U.S. proposal to focus on the top 100 MNEs, measured by a two-part revenue and profitability test. The Inclusive Framework agreed on the exclusion of extractives and regulated financial services from the scope and agreed on the possibility to reduce, in the future, the revenue threshold from 20 billion euros to 10 billion euros, contingent on successful implementation of the agreement. A portion (between 20 per cent and 30 per cent) of the supernormal profit of the "winners of globalisation" targeted by Pillar One will be reallocated to market jurisdictions through a formula based on sales. This reallocation will apply where an MNE has sales over EUR one million (or EUR 250k for jurisdictions with GDP under EUR 40 billion). While large digital MNEs are likely to be in scope, the scope of the new rules does not ring-fence activities. The proposal is expected to reallocate taxing rights over around $ 100 billion annually to market jurisdictions.

Pillar Two: Establishing a Floor on Tax Competition

Pillar One's changes to the profit allocation and nexus rules constitute a transformational reform of the international tax system. Pillar Two similarly brings about a global tax revolution, responding to a growing sense of urgency to establish a floor on tax competition after decades of declining corporate income tax rates. Pillar Two ensures a minimum level of effective taxation to address remaining BEPS concerns and provides jurisdictions with a right to "tax back" where other jurisdictions have not exercised their primary taxing rights or the payment is otherwise subject to low levels of effective taxation. Pillar Two builds on the legacy of the BEPS project which, while not delivering nor aiming to deliver a minimum tax, brought the idea to the fore. It was given further momentum as a result of the 2017 U.S. tax reform, which introduced the principle of a minimum tax on the profits of U.S. multinationals that were taxed offshore at an average effective rate below 10.5 per cent. The new U.S. administration supported a global minimum tax in line with the Inclusive Framework, which had designed the complementary global anti-base erosion rules (the "GloBE" proposal), as set out in the Blueprint on Pillar Two.

The arrangement outlined in the Inclusive Framework Statement commits members to a global minimum tax of at least 15 per cent on MNEs with a global revenue over EUR 750 million. It will work through two sets of rules: the "GloBE" rules and a treaty-based "Subject to Tax Rule." The GloBE rules include an "Income Inclusion Rule" (IIR) which imposes top-up tax on a parent entity in respect of the low-taxed income of a constituent entity and an "Undertaxed Payment Rule," which denies deductions or requires adjustments to the extent the low tax income of a constituent entity is not subject to tax under an IIR. The GloBE will provide for a formulaic substance carve-out that will exclude an amount of income that is at least 5 per cent (in the transition period of 5 years, at least 7.5 per cent) of the carrying value of tangible assets and payroll. The GloBE rules will also provide for a *de minimis* exclusion. In addition, the Subject to Tax Rule will allow source jurisdictions to impose limited source taxation on certain related party payments taxed below a minimum

rate, which will be set at a rate between 7.5 per cent and 9 per cent. Pillar Two is expected to bring in around $ 150 billion in extra tax revenues annually and will support the global economy by stabilising the international tax system and increasing tax certainty.

Unilateral Measures

While the Inclusive Framework solution offers a good response to the challenges arising from digitalisation, certain jurisdictions had already implemented, or considered implementing, unilateral measures, such as digital services taxes (DSTs) before talks could come to a fruitful end. Around 40 countries have introduced or have indicated they will implement some type of unilateral measures. These measures undermine tax certainty and investment and result in additional compliance and administration costs.

Furthermore, such unilateral measures increase friction between trading partners, as evidenced by the ongoing "Section 301" investigations conducted by the United States Trade Representative's (USTR) office against Austria, India, Italy, Spain, Turkey and the U.K. The U.S. has consistently stated its opposition to countries continuing to propose, enact and collect DSTs that, in its view, attempt to ring-fence the digital economy, and are inconsistent with prevailing international tax and trade principles. In June 2021, USTR announced and then immediately suspended billions of dollars in retaliatory tariffs against these six trading partners, similar to what it did in January 2021 when it announced it would suspend potential tariffs against France as a result of its DST "indefinitely." This decision provided precious breathing space for negotiations to continue. Other countries' decision to suspend or postpone their DSTs until agreement was reached were another welcome de-escalation of political tensions that allowed work to continue unhindered by bilateral conflicts.

The withdrawal of unilateral measures and the prevention of trade disputes is crucial in delivering the stability which the Inclusive Framework aims to create. The 1 July 2021 Statement noted that "this package will provide for appropriate coordination between the application of the new international tax rules and the removal of all digital services taxes and other relevant similar measures on all companies."

Next Steps

Given the overwhelming support for the Statement, one can be hopeful that the remaining technical and political challenges will be overcome. The agreement reached on 1 July indicates the ambition of the Inclusive Framework members for a robust global minimum tax with a limited impact on MNEs carrying out real economic activities with substance. It acknowledges that there is a direct link between the global minimum effective tax rate and the carve-outs and includes a commitment to continue discussions in order to take a final decision on these design elements within the agreed framework by October 2021. Excluding MNEs in the initial phase of their international activity from the application of the global minimum tax will also be explored in the lead-up to October. Finalizing these and other remaining elements over the next few months will complete the work started years ago to limit aggressive tax planning by MNEs and establish a fairer international tax architecture fit for the 21st century.

Responding to the COVID-19 Crisis

As work on international tax cooperation continued, new fiscal challenges arose as a result of the COVID-19 pandemic. In April 2020, as governments around the world considered which emergency tax measures to take to support their citizens and businesses, the OECD published guidance and a compendium of the 700 measures that countries had taken or were considering in the report "Tax and Fiscal Policy in Response to the Coronavirus Crisis" (OECD, 2020b). The report was prepared in response to a request by Saudi Arabia's G20 Presidency, and presented during the virtual meeting of the G20 Finance Ministers and Central Bank Governors on 15 April 2020. The report took stock of the emergency tax and fiscal policy measures introduced by countries worldwide in response to the COVID-19 pandemic, and considered how tax and fiscal policy can cushion the impact of continued containment and mitigation policies and subsequently support economic recovery. It also outlined the major policy reforms that will be needed to prepare for a restoration of public finances.

One year later and in response to a request of Italy's G20 Presidency, the OECD provided an updated report to G20 Finance Ministers and Central Bank Governors in April 2021. The April 2021 report provided an overview of the tax measures introduced during the COVID-19 crisis across 66 countries and jurisdictions since the outbreak of the pandemic. It examined how tax policy responses have varied and evolved since 2020, offered guidance as to how tax policy could be adapted to meet short-term challenges and outlined ongoing and future OECD work to help countries reassess their tax and spending policies in the longer run.

The updated report found that an increasing number of countries are turning to fiscal stimulus and many have introduced or indicated they would implement new tax increases. The report notes that while a number of these tax increases involved one-off or temporary measures, most are intended to be permanent. Examples of permanent measures are increases in fuel excise duties and carbon taxes, which were the most frequently cited tax increases by countries. Furthermore, the report noted that countries should avoid the premature withdrawal of relief and should maintain targeted relief at the most severely affected businesses and households.

A helpful, comprehensive database was also updated and published in April 2021. It compiles the tax measures that countries implemented, legislated or announced in 2020 and early 2021. This comprehensive excel file presents country-by-country information on such measures and offers a useful stocktake to policy makers who may be interested in how other countries have responded to the crisis.

Tax and Development

The work on assessing fiscal responses to the pandemic has been crucial in guiding future policy to address the widespread economic and social damage caused by COVID-19. Global GDP has been estimated to have fallen by 3.5 per cent in 2020, and while the OECD projects 5.8 per cent global growth in 2021, the recovery will still be uneven across the world. Developing and emerging economies will likely be hardest-hit by the long-term effects of the crisis. Developing countries already struggle with limited

fiscal space – for example, average tax-to-GDP ratios in African countries is 16.5 per cent, compared to the OECD average of 34.3 per cent – and have less scope for borrowing or quantitative easing (OECD, 2020c). In this context, the on-the-ground capacity building and technical assistance work carried out via the OECD has never been more important. The OECD/UNDP Tax Inspectors Without Borders (TIWB) initiative builds audit capacity by pairing expert auditors from less experienced auditors from different regions. As of July 2021, over 91 such programmes in 47 countries and an additional 21 programmes are being prepared. TIWB's focus on South-to-South cooperation has also grown, including through triangular co-operation with 23 developing countries. As a result of these efforts, TIWB assistance has led to over $ 1 billion of increased tax revenues for developing countries. Additional tax assessments of close to $ 3 billion show potential future benefits.

It is also important to ensure developing countries' interests are taken into account in global tax projects. Five years after the establishment of the Inclusive Framework and ten years after the creation of the OECD-hosted Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), the international tax agenda has broadened to encompass a wide swathe of geographically diverse members. Nearly half of the membership of the Inclusive Framework are developing countries. Furthermore, over half of the 162 members of the Global Forum are developing countries. All members participate on an equal footing and it has long been recognized that it is crucial that all members benefit from tax transparency standards and the BEPS project.

In recognition of the importance of ensuring the inclusion of developing countries, the G20 mandated the OECD to prepare a report by October 2021 on progress made through developing country participation at the Inclusive Framework (G20, 2020b). This report will include an update on progress made by developing countries through their participation at the Inclusive Framework and identify possible areas where domestic resource mobilization efforts could be further supported. The OECD has already undertaken extensive consultations with developing countries working with regional tax organisations in Africa, Asia, Eastern Europe and the Latin America and Caribbean regions to take stock their views. This process will feed into the report and help identify potential improvements to enable developing countries to integrate faster, and deeper, into the new international tax architecture and identify possible areas where domestic resource mobilisation efforts could be further supported.

The OECD has continued to provide capacity building to developing countries during the COVID-19 crisis, helping governments learn from each other as regards tax policy and administration responses and enhancing domestic resource mobilisation. As the pandemic accelerated the shift to e-commerce, the work to support developing countries implement effective e-commerce Value Added Tax (VAT) has grown, notably with the publication of regional VAT digital toolkits (OECD/WBG/CIAT/IDB, 2021). Ongoing support for the implementation of the BEPS measures and assistance in exchange of information to support the fight against tax evasion have also continued unabated, as mentioned in the recently released report, "Tax Co-operation for Development: Progress report in the COVID-19 era."

Tax Policy and Environment

In addition to ensuring developing countries have the fiscal capacity to recover from COVID-19, the Italian G20 Presidency has seized opportunity to explore how fiscal policy and tax policy mix can ensure a just transition to a low carbon economy and respond to eroding fossil fuel tax bases. Well-designed tax policy can cushion negative distributional effects, while tax incentives can drive innovation and subsidies can support low- and zero-carbon technologies. The G20 and the OECD have therefore worked to encourage dialogue and to expand knowledge of the relationship between tax and environment.

Recently, the OECD and the International Monetary Fund (IMF) prepared a joint report to inform discussions at the April 2021 meeting of G20 Finance Ministers and Central Bank Governors on the role of greenhouse gas emissions pricing in climate change mitigation policy packages, in response to a request from the Italian G20 Presidency. The report, "Tax Policy and Climate Change," IMF/OECD (2021). focused on carbon pricing, taking stock of current pricing patterns, identifying reform needs to meet mitigation pledges, impacts and opportunities, and considering comprehensive approaches to address political economy concerns (IMF/OECD, 2021).

The report informed further discussions at the G20 High Level Tax Symposium on Tax Policy and Climate Change which took place on 9 July 2021. The Symposium-aimed to improve mutual understanding of national policy choices, to identify best practices on tax tools and to explore approaches to effective international coordination on these topics. The finance ministers stressed the need for enhanced international cooperation on environmental tax policy, while recognising that national specificities affect the policy instruments countries might use (G20, 2021c). They paid special attention to limiting climate policies' impact on vulnerable households and to tackling carbon leakage to optimise climate outcomes. The IMF and the OECD were asked to prepare a report on countries' mitigation and adaptation policy strategies ahead of the G20 Finance Ministers and Central Bank Governors' meeting in October 2021. There is support for continued dialogue at the technical level, possibly through a dedicated study group at the G20.

The Symposium was followed on July 11 by the G20 Venice Conference on Climate, which involved representatives from G20 members, as well as major international organisations and private sector actors. The conference explored possibilities to foster a sustainable recovery from the COVID-19 pandemic through green investment and effective carbon pricing. In this discussion, the need to ensure stability for the hardest-hit sectors of the green transition was highlighted, as was the position of developing countries.

The G20/OECD initiatives on tax policy and the environment thus address a wide range of climate issues and will serve as a good basis for continued work on an effective transition to a low-carbon global economy.

The Road Ahead

Moving forward, the number one priority of the Inclusive Framework will be to finalize the remaining elements of the two-pillar deal to address the tax challenges arising from the digitalisation and globalisation of the economy. Sustained, high level support from the G20 and other finance ministers will help

advance negotiations so that a detailed implementation plan can be developed by October 2021, with the agreement taking effect as of 2023, as currently envisaged. The deal reached on 1 July is illustrative of what multilateralism can achieve when compromises are made in the interest of the global common good. Such international tax collobaration will also be required to address the continued challenges posed by the ongoing COVID-19 crisis, as fiscal positions have weakened and national coffers will need to be restored. Developing countries, which have been hit hardest by the crisis, will also benefit from continued multilateral cooperation on tax matters, and the October 2021 stocktaking report as requested by the G20 will enumerate how such collaboration has assisted developing countries to date and identify areas where domestic resource mobilisation efforts could be even further supported. In short, the sum of such cooperation is greater than its parts, and the next few months promise to be an exciting time in the field of international tax.

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Research Article

Developing Country Demands for an Equitable Digital Tax Solution

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Abstract: The taxation of the digitalized economy is the foremost challenge in international taxation today. Countries around the world, especially developing countries, are struggling with taxing the rising profits of major tech giants which operate on entirely new business models that have made traditional international tax rules obsolete. A "Two Pillar solution" is being negotiated in the OECD/G20 Inclusive Framework on BEPS that seeks to update these rules, re-allocate taxing rights and establish a global minimum tax. However, as it stands, the solution has very limited tax revenue benefits for developing countries and is administratively complex. For the solution to be durable, it must be equitable, and accordingly must incorporate the concerns of developing countries going forward.

Introduction

International taxation has moved from being a niche, technical issue to being high on the global agenda. The recent G7[1] and G20[2] agreements prominently featured international tax as one of the major issues in the global economy. A historic negotiation is nearing conclusion in the OECD/G20 Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS). This is on the "tax challenges arising from the digitalisation of the economy".

It is commonly assumed that the negotiation applies only to large tax-avoiding tech companies such as the FAANGs (Facebook, Amazon, Apple, Netflix and Google), who stand accused of avoiding around $ 100 billion in taxes.[3] However, in reality it has gone much further and seeks to fundamentally change international tax rules that govern how the 'nexus' or a taxable presence for Multinational Enterprises (MNEs) is decided and how their taxable profits are allocated between jurisdictions. The digitalization of the economy has meant that MNEs can generate revenues from jurisdictions without needing to have a physical presence. Further, allocating profits between source and residence jurisdictions becomes difficult when highly digitalized businesses barely have any physical assets, relying almost entirely

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on "intangibles" such as algorithms for creating value. For example, Uber does not need to own cars and Airbnb does not need to own real estate for delivering their respective services.

'Two Pillar' Solution - A Half Hearted Approach

To solve these problems, the IF has produced a "Two Pillar Solution". Pillar One seeks to update international tax rules, while Pillar Two seeks to establish a global minimum tax. The G7 and G20 agreements were hailed by the Western media as "historic", but the contribution of developing countries has been under-reported at best and ignored at worst. Developing country proposals, such as those made by the G-24 and the African Tax Administration Forum (ATAF), have barely received any attention or serious analysis.

The reality is that were it not for the strenuous efforts of developing countries, the Two Pillar solution would be a carbon copy of American proposals. Even now, much of the architecture of Pillar One is based on a US proposal titled "marketing intangibles".[4] This sought to redistribute only a tiny portion of total MNE profits to market jurisdictions, the so-called non-routine or residual profits. The US later also called for a very high threshold so only a few MNEs would be covered. It demanded a global turnover of over EUR 20 billion and profitability over 10 per cent. This reduced the number of companies in-scope to around 100 from the earlier 2,300 based on a EUR 750 million turnover threshold.

Both these proposals now form the basic foundation of Pillar One. The present estimate is that profits over 10 per cent of revenues will be considered as residual, and between 20-30 per cent of these will be redistributed to the entire developing world. Tandon (2021) demonstrates the application of this through an example. Out of 22.5 per cent global rate of profits of Alphabet, Google's parent company, taking out the non-routine profits would mean only 2.5 per cent would be available for distribution to source countries. Further, with 34 per cent contribution by the Asia Pacific countries to global sales of Alphabet, only 0.8 per cent is to be distributed among them which could be less if certain rules of Pillar One approach are adopted.[5]

Pillar Two, similarly, seeks to put in place a global minimum tax through four interlocking rules which essentially determine which country gets to tax the undertaxed income. The present structure of Pillar Two gives the default *first claim* on this income to the developed countries and is again based almost entirely on a US domestic law and meant to serve American interests. For example, if the global minimum tax is agreed upon at 15 per cent, and an MNE pays a developing country government an Effective Tax Rate (ETR) of only 2 per cent, then the remaining 13 per cent will be collected by the country where the MNE is headquartered. This is based on the "income inclusion" rule which is almost entirely modelled on a US domestic measure known as Global Intangible Low-Taxed Income (GILTI), part of the Tax Cuts and Jobs Act (TCJA).[6] If the company is a Big Tech firm like Facebook or Google, then the headquarter jurisdiction would be the US which collects the taxes. Only if the headquarter jurisdiction refuses to collect the taxes – which is quite unlikely – would the "source" country from where the MNE generated the revenue be able to collect the tax.

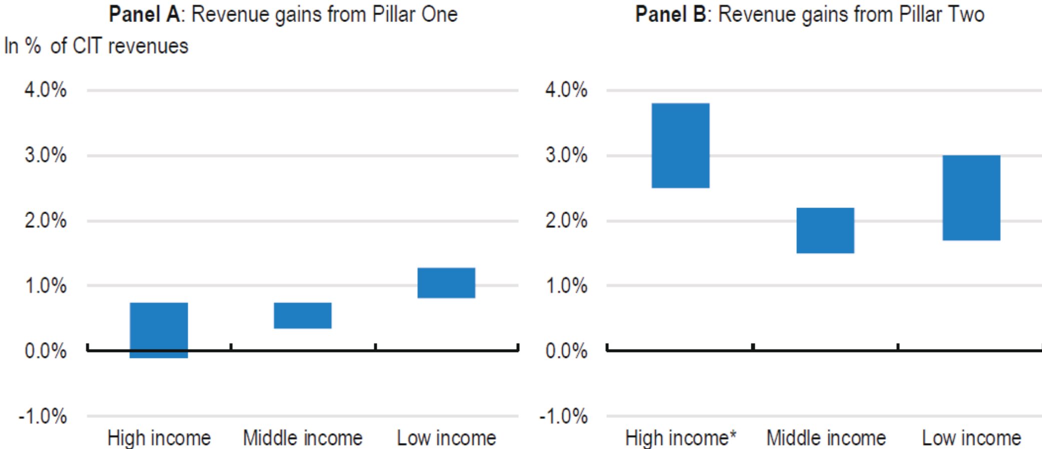
It is no surprise therefore that even the OECD's revenue estimates for Pillar One and Pillar Two show that developing countries have very little to gain. In fact

the total gains are quite limited. Pillar One is expected to lead to an annual tax revenue increase of a paltry $ 5-12 billion, and Pillar Two between $ 23-70 billion (Figure 1).[7] This pales in comparison to the UN FACTI Panel's estimate of $ 500-600 billion lost annually due to corporate profit shifting.[8] The distribution of gains is shown below, with high income countries – developed countries – the clear winners from Pillar Two.

It was therefore unsurprising that nine members of the Inclusive Framework did not sign up to the agreement reached on July 1, 2021. These have now reduced to six: Ireland, Hungary, Estonia, Kenya, Nigeria and Sri Lanka. Negotiations continue to have their concerns taken on board. The October 2021 implementation plan is expected to provide further agreements on outstanding issues. The "consensus" of the other IF Members is also suspect. Negotiators have revealed on condition of anonymity that countries were given an "accept all or reject all" ultimatum by the OECD and so were forced to accept, even if they deeply disagreed with many aspects of the Two Pillar solution. It points to a larger systemic problem with the OECD's "consensus" approach to decision-making.

Going forward, for the Two Pillar solution to be stable and durable, it is vital that the implementation plan fully reflect the needs of developing countries. Otherwise, it may run the risk of even more countries abandoning it and opting for unilateral measures or alternative approaches such as Article 12B of the UN Model Tax Convention.[9] Whatever equitable components are there the Two Pillar solution have been brought about solely due to the painstaking efforts of developing countries. These include the recognition of demand as a basis of profit allocation[10], nexus that does not require physical presence, profit allocation using an apportionment approach, revenue sourcing rules that trace it to the end market jurisdictions where goods and services are consumed, exclusion of the extractive industries and the conditional

Figure 1: Estimated Effect of the Two Pillar Proposals



* Excluding the United States (given illustrative assumption that the US GILTI would co-exist with Pillar Two)

Source: OECD (2020), Economic Impact Assessment.

Note: Estimates based on illustrative assumptions on the design and parameters of Pillar One and Pillar Two.

primacy of the Subject to Tax rule. It is important to give developing countries credit for these hard-won achievements, while highlighting demands that have not yet been accepted and must be incorporated going forward.

Contentious Domains

More work is needed in the following areas of the Two Pillar solution which needs to adequately reflect developing country concerns.

Re-allocation of Total MNE Profit

Both the G24 and ATAF demanded the re-allocation of a portion of total MNE profit rather than categorizing it into routine and non-routine, which is administratively complex and irrational in terms of policy.[11] The G24 had called for fractional apportionment which would allocate a portion of the global profits of the enterprise to different jurisdictions based on a formula that gave balanced recognition to both supply and demand factors and would be administratively simple for developing countries.[12] ATAF proposed that the quantum to be reallocated could be a Return on Market Sales based on the Global Operating Margin of the MNE group, whereby the higher the Global Operating Margin of the MNE, the higher the reallocation.[13]

Taxing Income from "Routine" Functions

The G24 and ATAF both argued that routine functions such as marketing and distribution could be carried out remotely, but as they would generate only "routine" profits these would not be re-allocated to the market jurisdictions, which is unfair.

As stated by the G24 "……illogical and inappropriate that an enterprise will have a taxable nexus in a market jurisdiction but would pay tax only when it earns non-routine profit. An enterprise engaged in providing goods/ services remotely, does marketing of its product, distributes its products e.g. TV shows or movies, collects payments from customer and addresses customer grievances. All these activities, which are in the nature of baseline distribution and marketing activities can be performed remotely. It is therefore quite unfair (and ironical) to deny taxing rights in respect of such activities to a market jurisdiction on the ground that these are not performed physically when the very purpose of the discussion is to address precisely this problem i.e., the ability of businesses to operate remotely due to digitalisation."[14]

Mandatory and Binding Dispute Resolution

This has been a red line for many developing countries. Mandatory and binding arbitration has long been criticized for its structural inequities[15] and remains unacceptable. While a concession has been made to make the process elective for countries fulfilling certain conditions, this should be made elective for all developing countries.

Subject to Tax Rule

The Subject to Tax Rule (STTR) allows developing countries to impose a withholding tax on certain intracompany payments which have the potential for tax avoidance. This will come first in the rule order under Pillar Two only for developing IF members, defined as jurisdictions with a GNI per capita below $ 12,535. They must request another IF member to incorporate the STTR into their bilateral tax treaty (if it exists). However, it is unclear how this will be enforced. Further, analysis by the BEPS

Monitoring Group (BMG) has shown that the STTR will have limited benefits and may not result in any additional taxing rights under the vast majority of tax treaties.[16]

Scope of Subject to Tax Rule

The G24 has demanded that the scope of the STTR must be as broad as possible, and must include all service payments and capital gains. Service payments in particular pose a significant tax avoidance risk to developing countries.[17]

Minimum Rate

The minimum rate of 15 per cent is too low. Countries such as Argentina have called for 25 per cent and ATAF and the African Union have called for at least 20 per cent. Tax justice civil society organizations such as the Independent Commission for Reform of International Corporate Taxation (ICRICT), Tax Justice Network and Oxfam are campaigning for a 25 per cent rate. This can contribute to higher resource mobilisation and support pro-growth policies that will help countries achieve the Sustainable Development Goals (SDGs) and the 2030 Agenda.

Conclusion

The Two Pillar solution must incorporate these developing country demands to be fair, equitable and durable. An imbalanced agreement which excessively favours the Global North at the cost of the Global South faces the danger of being abandoned or undermined. The developed countries are gaining little by shielding large tech firms headquartered in their jurisdictions, as these are not paying taxes to them either. Major companies like Amazon, FedEx and Nike have paid zero in taxes to the US federal government. Ensuring these MNEs pay taxes in the jurisdictions from where they generate profits will benefit both developed and developing countries and place the world on a sustainable path to a post-COVID recovery.

Endnotes

1. See G7 (2021).
2. See G20 (2021).
3. Silicon Six end the decade with $100 billon tax shortfall (2021).
4. See Kibirige (2019)
5. See Tandon (2021).
6. See Grondona *et al*. (2020).
7. These estimates were made before the US' proposal to restrict it to the top 100 companies was accepted.
8. See UN-FACTI (2021).
9. See Bansal (2021).
10. See South Centre (2021).
11. See ICRICT (2019).
12. See Grondona *et al*. (2020) ; Uy (2019); G-24 (2019).
13. See ATAF (2021).
14. See G24 (2021).
15. See Oguttu (2018).
16. See BEPS Monitoring Group (2021).
17. See South Centre (2021).

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Research Article

Connectivity Initiatives by G20 Countries: Convergence or Divergence?

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Abstract: With the global infrastructure investment gap estimated to be $15 trillion by 2040, connectivity has become a G20 focus area. G20 has brought out Quality Infrastructure Investment Principles to maximize "the positive economic, environmental, social and development impact of infrastructure." Action on connectivity is gaining pace among G20 members with Australia, China, EU, India, Japan, Russia and US having started, or being part of one or more, major international connectivity programmes. This paper finds the emergence of two connectivity models – one mainly followed by China, according primacy to expeditious project development, and the other, a rules-based model championed chiefly by the EU, the US and Japan. Though there is a divergence and competition in the approaches, G20 members have shown interest in cooperation to take forward several connectivity projects. However, since the differences in connectivity standards and models could lead to interoperability-related issues, this paper argues that G20 members will have to consider multilateral solutions including by framing and updating common standards as well as developing compliance-related mechanisms. Taking into account the SDGs and the Paris Agreement, it is vital for G20 to help mobilize sustainability-themed funds and promote people-centric PPPs. G20 should also help reduce or eliminate losses and waste in public investment in infrastructure by ensuring strong governance systems. Moreover, G20 should help rope in greater support for the India-led Coalition for Disaster Resilient Infrastructure, given the vital aspect of incorporating disaster resilience in connectivity projects to prevent/reduce losses due to natural disasters.

Introduction

Action on connectivity based on the G20 Principles for Quality Infrastructure Investment is gathering steam among the members comprising 20 leading economies of the world. This development comes even as the COVID-19 pandemic has resulted in lockdowns and stringent mobility restrictions. However, these curbs have only evoked the need for greater connectivity, albeit in the digital mode, to link people locally and internationally, maintain vital interactions and keep communication lines open in various crucial fields such as health, education and finance (Khan, 2021).

India and the European Union (EU) - both G20 members - recently became the latest parties within the G20 to enter into a bilateral connectivity partnership (Govt. of India, 2021). India and the EU

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along with other G20 members such as Australia, China, Japan, Russia and the US have already started, or are part of one or more, major international connectivity programmes. Their heightened interest in connectivity is understandable as the global infrastructure investment gap is estimated to be around a whopping $15 trillion by 2040 (GI Hub)[1]. With increasing instances of 'connectivity diplomacy' (Suryanarayana, 2018) initiated by G20 members, the connectivity programmes of these countries have the potential to help bridge this investment gap, thereby assisting in bringing down the cost of interactions. They can also narrow the 'connectivity divide' seen especially in the developing world (Chohan and Hu, 2020). These initiatives can lead to the formation of various physical and virtual networks that are local, regional and global. Within the infrastructure space, better connectivity leads to greater supply chain efficiency, network resilience as well as productivity and growth, resulting in closer economic integration. Chaturvedi, Prakash and Dash (2020) capture these various dimensions of connectivity spillover effects in the Asia-Africa Growth Corridor (AAGC) from a 'growth triangle' perspective.

While there are benefits, including those mentioned above, infrastructure connectivity - if not properly designed - can have adverse effects on public health, security and environment (OECD/World Bank, 2019). 'Hyper-connectedness' or the intricate global interconnectedness of infrastructure enables acceleration of the globalisation process. However, there are also dangers stemming from it due to 'connectivity-wars' - or instances where an influential economy takes advantage of the hyper-connectedness by weaponizing it as a show of power against a nation or group of nations, and causing disruptions in trade, transport, finance, investment, internet and movement of people (Leonard, 2016; EIU, 2014). Moreover, the connectivity programmes of powerful economies can also result in such initiatives becoming unsustainable debt-traps for borrower developing countries that get into lopsided connectivity agreements with rich nations (Ferchen and Perera, 2019). 'Connectivity wars' and 'debt-traps' can lead to nations opting for greater independence in their connectivity strategies and finding ways out of 'hyper-connectivity' to ensure that their sovereignty is uncompromised.

Taking these concerns into account, the G20's Quality Infrastructure Investment Principles look at maximizing the positive economic, environmental, social and development impact of infrastructure (Govt. of Japan, 2019).[2] The G20 was also instrumental in launching the Global Infrastructure Connectivity Alliance (GICA) in 2016.[3] The GICA aims to support global linkages between communities, economies, and nations through transport, communications, energy, and water network through sharing of knowledge and information on trends and financing, providing mechanisms to spot trends as well as to map connectivity initiatives and their performance. It also helps in formulating solutions to narrow the global infrastructure connectivity gaps (GICA website).

Even as these collaborative efforts are shaping up, connectivity is becoming 'geo-politicized'. A scrutiny of various connectivity initiatives reveals two clear models – one mainly followed by China, according primacy to expeditious project development, and the other, a rules-based model pushed chiefly by the EU, the US and Japan. In this context, this paper looks at the Belt and Road Initiative (BRI) model and its alternatives, the connectivity-related competition and cooperation

among G20 economies as well as their global impact and implications.

Two Emerging Connectivity Models

Some of the leading cross-border connectivity initiatives that are led by one or more G20 countries include the Belt and Road Initiative (BRI) (China), Partnership for Quality Infrastructure in Asia (PQI) (Japan), EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure, Trans-European Transport Network, EU-China Connectivity Platform, Asia-Africa Growth Corridor (AAGC) (India and Japan), International North South Corridor (INSTC) (India and Russia), Australia-Japan-US cooperation for infrastructure investment in the Indo-Pacific, and the programme to connect China's BRI with the Russia-led Eurasian Economic Union (EAEU) (Nair, 2020). In addition, the US has initiated the Blue Dot Network and a related certification process on the basis of 'quality infrastructure principles as set out in the G20 Principles for Quality Infrastructure Investment, the G7 Charlevoix Commitment on Innovative Financing for Development and the Equator Principles' (US Department of State website on Blue Dot Network). The EU and the Quad alliance members (the US, India, Japan and Australia) have been trying to develop 'high-quality' and 'innovative' physical and digital connectivity initiatives that accommodate 'inclusiveness, democratic norms and healthy lending practices' (Heydarian, 2021; Lee, 2021; Sajid and ul Khaliq, 2021; Reuters, 2018).

Launched in 2013, BRI is a mega connectivity project covering as many as 140 countries across Asia, Africa, Europe and South America (as of January 2021). However, the project felt the impact of COVID-19 pandemic with Chinese investments declining by 54 per cent year-on-year to $47 billion in 2020. In 2020, maximum investments went to Asia (54 per cent), followed by Africa (27 per cent), South America (8.86 per cent) and Europe (8.6 per cent). BRI investments from 2013 to 2020 showed that in each year the highest share of investments went to infrastructure sector, especially to energy and transport, followed by metals and real estate. Interestingly, within the energy sector, renewables (hydro, wind and solar power) are garnering an increasing share in overall investments – up from 35 per cent of BRI investments in 2017 to 56 per cent in 2020. BRI investments are dominated by the Chinese State-Owned Enterprises (SOE). To be truly successful in promoting sustainable connectivity in the long term, the BRI project has to shift its focus to environment-friendly, socially conscious and financially viable projects with greater international collaboration and private sector participation. Such an approach can help reduce various risks including those related to debt servicing. Steps being taken in this regard include the Green Investment Principle (GIP) initiative. The GIP is aimed at greening BRI investments by incorporating sustainability into corporate governance, promoting the usage of green financial instruments, ensuring disclosure of environmental information, increasing the understanding of Environmental, Social and Governance (ESG) risks, and enhancing the adoption of green supply chain management, among others (Wang, 2021).

Increasing public debt levels, lack of adoption of harmonised infrastructure standards as well as inequitable distribution of income gains across all BRI countries are some of those concerns raised in case of BRI projects. There is now a need to ensure that gains from integration through BRI surpass the costs

incurred to build infrastructure. What can also help in this regard are policies to help workers develop a better skill set, boost their social security and improve their mobility (World Bank, 2019).

As against China's project development-based approach, the EU has chosen a rule-based model for its connectivity partnership.[4] The EU's plan for a 'Globally Connected Europe' also has a geostrategic and global approach to connectivity. It incorporates Connectivity Partnerships with like-minded countries and regions (EU Council, 2021). The EU's major connectivity initiatives so far include the Trans-European Transport Network (TEN-T), the 'Partnership on Sustainable Connectivity and Quality Infrastructure' with Japan (in September, 2019) as well as the Connectivity Partnership with India (in May, 2021). It is also looking out for more partners in Indo-Pacific, Asia, Africa and Latin America. The countries on the EU's radar include South Korea, Russia, Turkey, Australia, Taiwan and the US. In the aftermath of COVID-19, the EU is placing greater emphasis on promoting health connectivity in addition to digital connectivity and access. Moreover, the focus areas include interoperability, green transition, social and environmental sustainability and resilience.

Unlike China's SOE-led model, the EU seeks to actively promote private sector involvement in bankable international connectivity projects, even as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) have a prominent role in the bloc's connectivity strategy. The EU is also looking at presenting the partner nations a credible and sustainable alternative offer for connectivity financing. Further, taking into account the dangers of weaponization of connectivity, including those related to cybersecurity, the EU is keen to ensure the ethical use of technology with a focus on security and personal data protection in its connectivity initiatives within the EU and overseas. In this regard, it envisages data protection cooperation with ASEAN countries, India, Japan, the US, Australia, Canada, South Korea, as well as New Zealand and others (European Parliament, 2021).

Meanwhile, the US and its G7 partners have launched a global infrastructure initiative 'Build Back Better World' (B3W) with a focus on good governance and high standards (on environment and climate, labour and social safeguards, transparency, financing, construction, anticorruption). The B3W, aiming to help narrow over $40 trillion infrastructure needs in the developing world, also seeks to build financially, environmentally, and socially sustainable infrastructure (Government of the US, 2021a). Japan's Partnership for Quality Infrastructure (PQI), which took off in 2015, has an Asia focus. It also wants to promote 'quality infrastructure investment' as a global standard. Meeting the quality-related norms on durability, environmental friendliness and disaster-resilience might be costly initially, but as per Japan, such an approach will prove to be cost-efficient in the long-term. This contrasts the low costs of poor-quality infrastructure on completion and its high life-cycle costs. The PQI initiative is being implemented using Japan's Official Development Assistance as well as in collaboration with the Asian Development Bank, in which Japan and the US are the highest shareholders[5] (Government of Japan, 2015). It envisages a vital role for private sector (See Table 1 for details on the differences between the two main connectivity models).

The size of the connectivity projects differs dramatically under the above-mentioned initiatives. For instance, the

Table 1: Differences between Two Main Connectivity Models

BRI	Alternatives (promoted mainly by the EU, Quad countries and some of their allies)
Largely project development-based approach.	Rules-based model.
Deploys flexible and low-cost 'soft law' agreements, or quasi-legal/non-binding obligations, such as Memorandum of Understanding (MoU).	Use of 'hard law' tools with a higher contracting cost, but are legally binding and enforceable before any court of law.
Accords primacy to China's international commercial courts for dispute resolution.	Open to international arbitration.
Relies on informal bilateral primary agreements in the form of MoUs and declarations with BRI partner countries that are quickly entered into.	These legal tools are more time-consuming to be agreed upon than 'soft law' pacts.
Primary agreements (MoUs, declarations, etc.) act as the hub; Secondary pacts in the form of contracts (including performance agreements and guarantees, finance agreements as well as land usage contracts) form the spokes. These pacts are supported directly or indirectly by the concerned government(s) to ensure the implementation of BRI projects.	No such 'hub and spoke' strategy.
Less emphasis on social, environment, democratic/human/labour rights, governance, quality and ethical elements; Prioritises five elements of cooperation - 'policy coordination, connectivity facilitation, unimpeded trade, financial integration, and people-to-people bonds.'	Social norms/democracy/human rights/labour rights and environment provisions, governance and ethical norms as well as ensuring 'high quality' and sustainability given more importance.
Primarily State-Owned-Enterprises-led model.	Promotes greater private sector participation.
Flexibility and speed of implementation viewed as favourable factors during times of crisis such as the current COVID-19 pandemic.	Rules-based approach takes more time than the 'soft law' model; therefore, not advantageous during emergency situations, but considered to be more sustainable from a long-term perspective.
Inadequate transparency makes it difficult to track instances of corruption and anti-competitive practices.	Focuses on eliminating corruption and anti-competitive practices through provisions including those related to disclosure and transparency.
Tends to push China's preferences in terms of products, services, mechanisms and standards.	Accommodates most interests of signatory parties to ensure a win-win outcome.

Source: Author's compilation from Wang, 2021; Hussain, 2019; Li, 2020; Heydarian, 2021; Lee, 2021; Sajid & ul Khaliq, 2021; Reuters, 2018; European Parliament, 2021; Government of the US, 2021a; Government of Japan, 2015.

PQI initiative (of around $200 billion) is smaller compared to the scale of BRI (estimated to be between $1-8 trillion). There were also instances of competition between China and Japan for the same project as was seen in the case of a high-speed rail project linking Jakarta and Bandung in Indonesia, which China grabbed as it was able to offer Indonesia better terms cost-wise. Though Japan is known for its superior quality, China had the edge with greater allocation of financial resources for connectivity and its more agile decision-making ability. However, the danger here is that such collision of interests can lead to a 'race to the bottom' in terms of quality, costs, standards as well as contract terms and conditions (Pascha, 2020). The ideal way out is to ensure healthy competition and cooperation to promote quality and interoperability.

Convergence or Divergence?

The COVID-19 pandemic-triggered global crisis has critically hit global Foreign Direct Investment (FDI) flows including new infrastructure investment projects in developing countries. Most countries have laid focus on physical, digital and green infrastructure in their recovery investment plans. Significantly, it was seen that the lockdowns and the related mobility curbs accelerated the 'demand for digital infrastructure' across the world (UNCTAD, 2021). There are 3.6 billion people with no connectivity, and 'digital divide' is seen in developing and developed countries. As per a study led by the International Telecommunication Union (ITU), investments to the tune of $428 billion are required to achieve universal, affordable broadband by 2030 in all countries. Noting that the rate at which people are being connected has slowed down significantly, the ITU has called for initiatives such as Saudi Arabia's Connecting Humanity by 2030 to help achieve universal (digital) connectivity by 2030 (Zhao, 2020). International Labour Organization recently observed that countries with the highest levels of connectivity along with greater fiscal room and vaccine access have better chances of bouncing back to pre-pandemic GDP levels (ILO, 2021).

Varying levels of connectivity seen among nations is likely to result in further widening the connectivity divide and an uneven recovery. Despite several connectivity initiatives prior to the COVID-19 pandemic outbreak, the benefits flowing from them were unevenly distributed, in turn, resulting in connectivity divides and triggering the need for inclusive and sustainable connectivity. Therefore, in this digital era, technology firms need to come up with more innovative solutions using disruptive technologies such as Artificial Intelligence, blockchain, drones and data analytics. Further, crucial in this context are efforts to strengthen cross-border and cross-sector institutional cooperation for infrastructure connectivity projects as well as build interconnections between nations with the help of multilateral finance institutions (GICA, 2018).

Connectivity policies such as the 'Master Plan on ASEAN Connectivity' in South East Asia aim to enhance regionalization, while BRI is giving shape to a new international area that transcends regional boundaries through a China-centric strategy incorporating physical, digital and technological elements of connectivity as well as geopolitics. The connectivity space is also increasingly becoming competitive in nature with countries and blocs such as Japan, the US and the EU placing emphasis on quality, sustainability, democratic norms and rule of law to distinguish their efforts from

those promoted by China (Godehardt and Postel-Vinay, 2020).

Notwithstanding the rivalries and divergence, there are also increasing efforts to boost connectivity-related cooperation. For instance China looking to harness the China-Europe Railway Express to promote port and shipping cooperation along the Maritime Silk Road and build a Silk Road in the Air (Government of China, 2021). The EU and China have a bilateral Connectivity Platform to enhance synergies between the EU's approach to connectivity, including the Trans-European Transport Network (TEN-T), and China's BRI. This initiative has incorporated an Action Plan, annual meetings, joint studies, expert group meetings, cooperation between the development finance institutions of both the sides as well as cooperation on infrastructure standardization to take forward the implementation process. The focus is on joint development of green and low-carbon transport. Moreover, they aim to ensure proper functioning of key multimodal hubs along EU-China corridors as well as to bridge the missing links on the TEN-T and the EU-China cargo routes (European Commission website; European Commission, 2018).

The EU-China dynamics are changing with the reinvigoration of the US-EU ties following the Biden administration doing away with the confrontationist approach of the previous Trump administration (Anthony, et al., 2021). The US and the EU have now agreed to boost their cooperation on sustainable connectivity and high-quality infrastructure (Government of the US, 2021b). However, it may not be easy for the EU to diverge entirely from China as many EU member countries, owing to their financial resources crunch, are relying on China including finance for infrastructure building. This process is gaining ground through the '16+1' (later expanded to '17+1') format comprising China, 12 EU member states (the most recent member being Greece) and five Balkan nations. It, however, has rankled the EU due to the strategic implications and adverse impact on the intra-EU unity on China-related policies including on connectivity (Hillman and McCalpin, 2019; Ciurtin, 2019; Witthoeft, 2018; European Parliament, 2018).

The EU has now taken a practical approach with regard to BRI by simultaneously collaborating with China as well as offering a rules-based alternative aimed at greater security, transparency and accountability. However, it has its work cut out with China on firming up 'trusted connectivity' strategies i.e., to help build public trust in digital and physical infrastructure and technology (Arha, 2021). As regards the US, it could consider engaging with the China-led Asian Infrastructure Investment Bank (AIIB) that has strengthened its transparency and accountability norms. While the US and Japan are not members of the AIIB, G7 countries (barring the US and Japan), many European countries as well as India and Australia are AIIB members, reflecting the infrastructure financial institution's multilateral outlook (Brattberg and Le Corre, 2019; Sen, 2017; AIIB website). Also, with some leading US private companies collaborating with BRI partners in sectors including power, construction machinery and 'integrated security, logistics, and insurance service solutions' as well as to develop third party market (Sun, 2018; Ping, 2019), BRI could potentially be used as a platform for China-US cooperation (Athari and Ejazi, 2020).

The other major global connectivity player, Japan, is collaborating with India on the AAGC initiative to link India to

Africa and South East Asia. Japan also has a partnership with the US and Australia for greater infrastructure investments in Asia. In a bid to rebalance its ties with China on connectivity projects, it adopted a collaborative approach with regard to a high-speed rail project in Thailand. The consortium implementing the project includes a Chinese railway firm and it is partly financed by Japanese lenders. Japan also has plans with China to jointly develop a Pan-Asia high-speed railway network (Brînză, 2018; Reuters, 2019; Railway Technology, 2019).

Meanwhile, Japan and India, both not part of BRI, are collaborating on developing container terminal at the Colombo port in Sri Lanka. Japan and India (which has initiated the 'Act East Policy') are also looking to jointly develop infrastructure in South East Asia as a response to Chinese influence in the region (Borah, 2021). These instances show how connectivity politics is leading to both competition and collaboration between the leading G20 members.

Way Forward

This paper has analysed various connectivity initiatives of G20 countries and the two main connectivity models that have emerged in that context. It has found that though there is a divergence in the approaches, the countries have also shown interest in cooperation to take forward several connectivity projects. However, given that the differences in connectivity standards and models could lead to interoperability-related issues, G20 members will have to consider promoting multilateral solutions. In this context, there is a proposal before the global community regarding a multilateral rules-based connectivity framework incorporating a 'Code of Conduct', a process to strengthen connectivity-themed institutions such as the Multilateral Cooperation Center for Development Finance as well as multilateral/plurilateral connectivity forums (Islam, et al., 2019). Reducing connectivity barriers can help boost the global GDP, while enhancing connectivity can improve the inclusiveness within the G20 bloc as well since it can address the challenges being faced by the developing countries within the G20 as well as their Micro, Small and Medium Enterprises owing to the 'connectivity divide'. However, the G20 will have to focus on framing and updating common standards as well as in developing compliance-related mechanisms (Kalkan, 2014).

Development of cross-border connectivity assets has gained importance due to their vital role in enhancing regional connectivity, a focus area of the G20 Development Working Group. However, building such assets requires closer coordination between the countries involved to: (i) mitigate various risks including political; as well as to (ii) prevent time and cost overruns on account of delays including due to the differences in standards, unexpected complications and difficulties in obtaining regulatory clearances. Also important are robust governance and monitoring mechanisms, sharing of benefits in an equitable manner (GI Hub and Ramboll, 2021). Besides, what can help are: (i) development and incorporation of common sustainability norms and approaches across the life-cycle of projects and in the connectivity-related decision-making mechanisms of the governments; (ii) promotion of Public Private Partnerships (PPP) through a stable and high quality legal and regulatory framework; as well as (iii) backing dispute resolution mechanisms, ideally at the 'international level', that are proven to be efficient and independent (OECD, 2020).

It is also important for the G20 to follow up on the G7's initiative post- COVID-19 outbreak aiming to build on its $12 trillion package that includes investments in secure and quality infrastructure for clean and green growth. In order to ensure proper functioning and long-term sustainability of connectivity initiatives, it is essential to not only strengthen local capacities, but also facilitate investments from responsible and market-based private sector players. In this context, the G7 plans to enhance support for initiatives such as Climate Investment Funds, InsuResilience Global Partnership and Risk-Informed Early Action Partnership (or REAP – on 'early action, disaster risk and insurance'), Glasgow Finance Alliance for Net Zero and the Financing for Development in the Era of COVID-19 and Beyond Initiative – all taking forward the concept of quality and sustainable infrastructure investments as well as "in line with" the Addis Ababa Action Agenda on Financing for Development (Government of the US, 2021c).

However, the difficulty in attracting private sector investment persists especially in developing countries where around 90 per cent of infrastructure investment was made by the public sector. Taking into account the Sustainable Development Goals (SDG) 2030 agenda and the Paris climate agreement, it is vital to mobilize sustainability-themed funds, including pension funds, sovereign wealth funds, private equity funds and impact investment. It is also crucial to ensure collaborative efforts between private and public sector investors (through people-centric Public Private Partnerships) as well as between private sector and regional/multilateral financial institutions at the local, regional and global levels. In this regard, firming up strong institutional and regulatory frameworks with transparency (including in the bidding process), legal stability, and predictability as well as setting up a multilateral coordination and cooperation mechanism for collaborative investment promotion strategies could boost the confidence of private sector investors (UN, 2020). It is also important to fortify the G20-initiated Global Infrastructure Facility (GIF), which has over 100 advisory engagements in more than 50 countries and facilitating a total investment of $74 billion including private investments worth $51 billion as of August 2021 (GIF website).

Another vital aspect that should be mainstreamed in G20 discussions is to efforts to find ways to reduce or eliminate losses and waste in public investment in infrastructure through strong governance systems with appropriate checks and balances that helps in efficient planning, implementation and evaluation and appraisal of projects. It was found that on average, more than one-third of the resources spent on creating and maintaining public infrastructure are lost because of inefficiencies and that on average, better infrastructure governance could make up more than half of the observed efficiency losses. In this regard, there is a need to strengthen existing initiatives such as the IMF's Public Investment Management Assessment framework to help countries assess their infrastructure governance institutions as well as the IMF-World Bank PPP Fiscal Risk Assessment Model to assist countries in assessing the potential fiscal costs and risks assumed by the government as well as the potential mitigation measures (Schwartz, et al., 2020).

Finally, it is important for G20 to help rope in greater support for the India-led Coalition for Disaster Resilient Infrastructure (CDRI), given the vital

aspect of ensuring that connectivity projects incorporate disaster resilience. The CDRI's current list of 31 members (countries and organizations, as of 15 June, 2021) includes the US, the EU and Australia as well as ADB and World Bank (CDRI website). The focus on disaster resilient infrastructure is important as losses from natural disasters worldwide in 2020 were worth $210 billion, up from $166 billion in the previous year (Munich RE, 2021). Also, it was estimated that the overall net benefit of investing in the resilience of infrastructure in developing countries would be $4.2 trillion over the lifetime of new infrastructure (Hallegatte, et al., 2019). International cooperation is also essential to effectively address global challenges including the damage caused to infrastructure on account of natural hazards due to climate change. What can help in this regard is the CDRI, which is a multilateral system promoting the development and long-term benefits of disaster resilient infrastructure (CDRI, 2021).

Endnotes

1. In order to cater to the infrastructure investment-need estimated to touch $97 trillion by 2040.
2. The G20 Quality Infrastructure Investment Principles encourage transfer of advanced technology and know-how on voluntary as well as mutually agreed-upon terms, and consensus-based enhanced accessibility to infrastructure and its national, regional and global connectivity. As per the Principles, infrastructure building should also consider the need to improve economic efficiency, in addition to embedding environmental considerations and resilience against disasters. Moreover, the Principles advocate improved governance through open, sustainable and transparent procurement, financing practices and anti-corruption norms. They also emphasise the need for taking into account the borrowing nation's "financial, fiscal and debt sustainability" during the infrastructure development process (Govt. of Japan, 2019).
3. The GICA has its Secretariat in Singapore "hosted by the World Bank Hub for Infrastructure and Urban Development in Singapore".
4. According to the EU, "a global Connectivity Strategy must utilise a sustainable and rules-based Approach", "having regard to the UN 2030 Agenda for Sustainable Development (2015) and the Addis Ababa Action Agenda on Financing for Development (2015), as well as the G20 Principles for Quality Infrastructure Investment (2019) and Roadmap to Infrastructure as an Asset Class (2018)". It must also ensure 'secure 5G deployment'. Moreover, "it must address new and urgent challenges such as global health and security, hybrid threats, terrorism and poverty". In order to avoid 'adversarial camps or complete fragmentation', the EU is keen that connectivity is 'promoted as a principle that seeks cooperation wherever necessary and possible'. The EU wants its connectivity strategy to "create shared benefits, guarantee reciprocal market access, and prevent one-sided dependencies or debt traps, which jeopardise the autonomy of the participating countries, and should be conducted with mutual respect." As per the EU, its connectivity projects should be based on "human rights, the rule of law, democracy, solidarity against discrimination, sustainability, inclusiveness, transparency on social justice, a level playing field, reciprocity and adherence to rules-based multilateralism," and reinforcing the EU's international role as a norm-setter (European Parliament, 2021).
5. See https://www.adb.org work-with-us/investors/credit-fundamentals#accordion-0-4

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Perspective

Governments Must Seize the Unique Opportunity – Put People, Planet and Prosperity at the Heart of COVID-19 Recovery

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Research and Information
System for Developing
Countries (RIS).

S.Ramadorai, Ranjit Barthakur, Arun Sahni and Ashok Khosla*

The Leaders of G20 Nations should place the well-being of people and productivity of nature, now and for the future at the core of their post-COVID-19 economic recovery plans. This is the quickest and surest way to revive the health of the fellow citizens, speed revitalization of the economies, and accelerate the creation of jobs. It will also rebuild the resilience of economies, ecosystems and institutions to cope more effectively with such emergencies and to prevent them in the future. Beyond the current COVID-19 pandemic, the world faces many deeper, more intractable and persistent crises, rooted in a number of interconnected global challenges. It ranges from those manifested locally such as pervasive poverty and marginalization, pollution and wastes, land use change, and species and habitat loss through the national and regional ones, such as deforestation, human and wildlife trafficking, unsustainable trade practices and resource depletion to the big global issues such as the threats to the climate, biodiversity and oceans and collapsing international financial systems.

There is a growing recognition that the pandemic, as with these other challenges, is the inexorable consequence of the lopsided value systems and institutional arrangements that underlie our current economic policies and practices. Periodic events with global economic impact such as the Dotcom bubble of 2000, the Sub-Prime Mortgage meltdown of 2008 and the current Coronavirus pandemic are just the triggers, the proximate causes of our crises – the ultimate causes lie hidden from today's governance institutions by the false promises of neo-liberal economics. If, post-pandemic, these continue to be in place (i.e., if we return to "business as usual"), it is impossible to imagine the world achieving the levels of social justice, resource efficiency and environmental health that our nations are committed to. COVID-19 gives us a serendipitous but critically needed opportunity to press the button to reset the system.

Most of these threats transcend national or physical borders. International cooperation and a new kind of global solidarity is therefore essential

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for restoring the balance between people and nature and to build future resilience to the existential threats that are observed with increasing regularity and force. Pancentric distributed networks need to be built up with strong presence at the regional and national levels to act as bridges between the global entities such as WHO, FAO, Red Cross/Red Crescent, etc., and local institutions working on the ground and in the firing zone.

G20 governments should seize the opportunity that this crisis offers and take urgent steps to meet national and global commitments to maximize social and economic equity, minimize greenhouse gas emissions, conserve biodiversity, raise resource efficiency and reduce wastes and pollution. To achieve these goals, they have to introduce serious policies and practices to replace fossil fuels with renewable energy; protect nature and restore our forests, rivers and degraded lands; and adopt nature-based solutions to replace mechanised, resource-guzzling ones.

Above all, to secure the future of food, water, energy and soil supplies and meet the basic needs of all, this means that we need to create safe and sustainable food systems by adopting regenerative agriculture; decentralize and revitalize local production systems, and shift to a more inclusive, green and circular economy. To achieve these complex but interlinked goals, nations, big or small, will have to pay much greater attention to facilitating the building up strong civil societies, their research capacities for innovating solutions suited to their needs, and think tanks and foresight mechanisms capable of advising governments on the benefits and risks of their policies and actions.

Now, more than ever, leadership should pay attention to build a new global economy that ensures an equitable and environmentally sustainable future for all. So, recovery packages and fiscal stimulus strategies by countries must be designed to foster a COVID-19 exit and recovery plan that gives priority to socially just, low carbon, regenerative circular economic development rather than bail-out policies that only serve to subsidise unsustainable and polluting industries.

Investments in eradicating poverty and building the resilience of ecosystems are now known to deliver among the highest returns to the economy, immediately and even more in the future. They are also the cost-effective means for preventing future disasters, natural or manmade. Fortunately, this provides a very strong business and economic case for taking a proactive, bottom-up systemic approach to addressing such planetary emergencies, which unfortunately can be expected to occur with ever greater frequency and ferocity in coming years.

'People, Planet and Prosperity' have to stay at the top of national agendas in 2020 and beyond. Leaders need to keep up the momentum on these fronts and emerge from this current pandemic by strengthening social and natural capital in a holistic fashion. Governments must adopt clear timetables and targets in order to fulfill their commitments to the Paris Agreement, the SDGs (2030 Agenda for Sustainable Development), and many other international agreements they are party to. This will help them build necessary resilience needed to reduce the risks of future crises that will inevitably keep coming back to threaten one or another part of our less-than-perfect economic, social, natural and financial systems.

Within weeks, governments all over the world have been able to dig out

financial resources to deal with the COVID-19 pandemic in amounts that are several orders of magnitude larger than what had been asked for over the past decades for mitigating existential threats to the very life support systems of the planet – climate stabilization, biodiversity conservation, ocean health and reversing desertification, and for improving human services such as nutrition, education and health care. It appears that mobilizing resources to deal with threats to the concerns of the voiceless is much harder to do. For everyone's sake, this must change before it is too late to avoid irreversible damage to the lives of people and even to life on earth.

Sustained welfare and well-being for all, rather than purely GDP growth, has to be the ultimate objective for the future. The voice of citizens needs to be included in decision making to shape a more inclusive and meaningful future. In these uncertain times, these positive actions will also engender much-needed hope and optimism at all levels of society.

IMPORTANT NEWS

G20 Italy Presidency News

G20 Finance Ministers Back Deal for Minimum Global Corporate Tax

G20 finance ministers have supported the plan of minimum global corporate tax rate of 15 per cent. The OECD has proposed the framework plan to battle tax avoidance which would envisage that multinational companies pay their "fair share" of tax around the world. It is likely to affect companies in huge tech corporations like Amazon and Facebook. Currently, big companies have set up local offices in countries where tax rates are quite low and declare their profits. The deal aims to make companies pay more tax in the countries where they are selling their products or services, rather than wherever they end up declaring their profits. A global minimum tax rate would also help avoid countries undercutting each other with low tax rates.

Source: "G20 finance ministers back deal to tax companies", BBC, 10 July, 2021, available at <https://www.bbc.com/news/world-57791617>

Related News

OECD/G20 Inclusive Framework Reaches High-level Agreement on Two-pillar Approach to International Tax Reform

Source: Marley, P., Macdonald, P., Gray, K., & Cao, T. (2021), "OECD/G20 Inclusive Framework reaches high-level agreement on two-pillar approach to international tax reform", OSLER, 5 July, 2021, available on <https://www.osler.com/en/resources/regulations/2021/oecd-g20-inclusive-framework-reaches-high-level-agreement-on-two-pillar-approach-to-international-ta>

G20 Backs Historic Deal to Overhaul the Way Multinational Firms are Taxed

Source: "G20 Backs Historic Deal to Overhaul the Way Multinational Firms Are taxed", NDTV, 11 July, 2021, available on <https://www.ndtv.com/world-news/g20-endorses-historic-global-tax-reform-2483915>

Italian Presidency Says Struggling to Reach Common Ground on G20 Climate Position

G20 meeting on climate and energy took place in the city of Naples in Italy on 30 June, 2021. It was the first of the G20 climate summit in the world since 2008. The meeting comes a week after Brussels unveiled its most ambitious plan to cut greenhouse gas emissions by 55 per cent by 2030. G20 countries make up around 80 per cent of world GDP. The meeting was held in view of intense lobbying from poorer European member states that want to protect their citizens from price rises.

Source: "Italian presidency says struggling to reach common ground on G20 climate position", Reuters, 16 July, 2021, available at <https://www.reuters.com/business/environment/italian-presidency-says-struggling-reach-common-ground-g20-climate-position-2021-07-16/>

Finance Minister Sitharaman Shares India's Covid-19 Response with G20 Panel

The Finance Minister Nirmala Sitharaman interacted with the co-chairs of the G20 High Level Independent Panel. She supported six-month extension of Debt Service Suspension Initiative and shared India's preparedness and response to COVID-19. She highlighted the slew of measures undertaken by the government in strengthening the health system and supporting the Indian economy.

Source: "Sitharaman shares India's Covid-19 response with G20 panel", The Economic Times, 6 July, 2021, available at <https://economictimes.indiatimes.com/news/economy/policy/sitharaman-shares-indias-covid-19-response-with-g20-panel/articleshow/84154902.cms>

Related News

FM Interacts with Co-chairs of G20 High-level Panel

Source: "FM interacts with co-chairs of G20 high-level panel", Business Line, 5 July, 2021, available at https://www.thehindubusinessline.com/news/national/fm-interacts-with-co-chairs-of-g20-high-level-panel/article35157199.ece>

G20 Meet: India Promises to Eliminate Education Inequalities

Education Ministers of the G20 restated their commitment to ensure continuity of quality education in post-pandemic economic growth. The Indian spokesperson shared innovative experiences to others in order to ensure the continuity of learning pathways through blended educational model. India's new education policy and several welfare schemes aim to bridge inequalities in education especially in respect of girls and the socially and economically disadvantaged groups. He also spoke about women workers and how the union government is making enabling provision for women to work in night shifts.

Source: Nanda, P. K. (2021), "G20 meet: India promises to eliminate education inequalities", Mint, 23 June, 2021, available at <https://www.livemint.com/education/news/g20-meet-india-promises-to-eliminate-education-inequalities-11624465004479.html>

G20 Ministers Recommit to Human-centred Roadmap Out of Crisis

G20 Labour and Employment Ministerial Declaration echoes Global Call to Action for a Human-Centred Recovery. ILO Director-General Guy Ryder welcomed the Ministers' reaffirmed commitment to shaping a human-centred recovery that is inclusive, sustainable and resilient. He noted their renewed efforts to achieve more, better and equally-paid jobs for women, regulation of remote and digital platform work, and adequate social protection and safe and healthy working conditions for all. The recent recovery has been uneven and fragile.

Source: "G20 ministers recommit to human-centred roadmap out of crisis", International Labour Organization, 23 June, 2021, available on <https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_806918/lang--en/index.htm>

G20 Takes Lead on Managing Response to COVID-19

The G20 has proven itself to be a valuable forum for crisis management and is well positioned to respond to the COVID-19 crisis. The international community has failed to rise to the challenge posed by the global pandemic. Instead of pulling together and devising a collective strategy to control the spread of the SARS-CoV-2 virus that causes COVID-19, the powerful nations signed lucrative bilateral deals with pharmaceutical companies, securing most of the world's supply of COVID-19 vaccines, leaving low- and middle-income countries with little access to vaccines.

Source: Johnston, G. P. (2021), "G20 takes lead on managing response to COVID-19", The Whig, 28 May, 2021, available at <https://www.thewhig.com/opinion/g20-takes-lead-on-managing-response-to-covid-19>

Related News

G20 Leaders Boost Support of the Access to COVID-19 Tools (ACT) Accelerator but Urgent and Immediate Action is Needed to Maintain Momentum

Source: "G20 leaders boost support of the Access to COVID-19 Tools (ACT) Accelerator but urgent and immediate action is needed to maintain momentum", World Health Organization, 21 May, 2021, available on <https://www.who.int/news/item/21-05-2021-g20-leaders-boost-support-of-the-access-to-covid-19-tools-(act)-accelerator-but-urgent-and-immediate-action-is-needed-to-maintain-momentum>

G20 Nations have Room for Improvement on Food Sustainability

The G20 countries must lead by example by reducing food loss and waste. As per a recent study by FSI only Canada and Japan are in the top quartile for all three pillars of food sustainability. Australia, France, Italy and the UK are among the top performers. The US was among the worst performers for excessive meat consumption. Indonesia and Saudi Arabia were the worst-performing countries across all metrics. Also, the report cited some evidence on compliance with governments' dietary guidelines that would reduce premature deaths by 15 per cent and emissions by 13 per cent.

Source: "G20 Nations have Room for Improvement on Food Sustainability", Waste 360, 14 July, 2021, available at <https://www.waste360.com/food-waste/g20-nations-have-room-improvement-food-sustainability

Engagement Group

B20-G20 Dialogue on Health & Life Sciences – How to Build Back Better and Prevent the Emergence of Silent Pandemics?

The B20-G20 Dialogue on Health and Life Sciences was organised by the B20 Health & Life Sciences Task Force and Novartis. The event was built on recent multilateral declarations from the G20, the World Health Assembly and the Global Health Summit. Cardiovascular diseases, which account for one-third of all deaths globally, are projected to increase from 17.9 million in 2015 to 24 million by 2030. B20 Italy is committed to providing recommendations to help G20 governments set new health policies of the post-COVID-19 era.

Source: "B20-G20 Dialogue on Health & Life Sciences – How to Build Back Better and Prevent the Emergence of Silent Pandemics?" , B20 Italy, 2021, 13 July, 2021, available on <https://www.b20italy2021.org/event/b20-g20-dialogue-on-health-life-sciences-how-to-build-back-better-and-prevent-the-emergence-of-silent-pandemics/>

Related News

B20-G20 Dialogue on Energy, Climate and Environment Ahead of the G20 Ministerial Meeting

Source: "B20– G20 Dialogue on Energy, Climate and Environment Ahead of the G20 Ministerial Meeting", B20 Italy 2021, 7 July, 2021, available on <https://www.b20italy2021.org/event/b20-g20-dialogue-on-energy-climate-and-environment-ahead-of-the-g20-ministerial-meeting/>

Indonesian G20 Presidency

Indonesia to Host G20 Summit Next Year: What will be on the Agenda?

Indonesia will assume the presidency of the G20 Summit in 2022. President Joko Widodo has issued a Presidential Decree creating a national committee for organizing next year's G20 summit. Foreign Minister Retno Marsudi has emphasized the urgency of focusing on the global recovery from the COVID-19 pandemic and the importance of building stronger productivity, resilience, sustainability, partnership, and leadership among G20 nations.

Source: Suoneto , N. (2021), "Indonesia to Host G20 Summit Next Year: What Will be on the Agenda?", The Diplomat, 16 July, 2021, available at <https://thediplomat.com/2021/07/indonesia-to-host-g20-summit-next-year-what-will-be-on-the-agenda/>

Others

WTO Head Urges G20 Leaders to Negotiate IP waiver for COVID-19 Vaccines

The head of the World Trade Organization (WTO) called on the leaders of the G20 nations to make progress in negotiations on a proposal to waive intellectual property rights for COVID-19 vaccines. "We must act now to get all ambassadors to the table to negotiate a text," WTO Director-General Ngozi Okonjo-Iweala said at the virtual G20 health summit. The talks are likely to focus on a waiver that is significantly narrower in scope and shorter in duration than the one proposed by India and South Africa last October.

Source: "WTO head urges G20 leaders to negotiate IP waiver for COVID-19 vaccines", Citizen Digital, 23 May, 2021, available at <https://citizentv.co.ke/business/wto-head-urges-g20-leaders-to-negotiate-ip-waiver-for-covid-19-vaccines-11567052/>

Experts Urge G20 Leaders to End Cruel Wildlife Trade- World Animal Protection

Thousands of wild animals are poached or farmed and sold into the global multi-billion-dollar trade. World Animal Protection is appealing to G20 world leaders to ban the global trade in wild animals. The report uncovers inefficiencies in G20 countries that enable the extraction of animals from their natural habitat, farming them in captivity, and killing and trading them as commodities. The number of people involved in the wildlife trade supply chain provides ample opportunity for infectious disease transmission. The trade's main regulatory body - the Convention on International Trade in Endangered Species - has no focus on preventing zoonotic disease

Source: "Experts urge G20 leaders to end cruel wildlife trade - World Animal Protection", Voxy, 20 May, 2021, available at <http://www.voxy.co.nz/national/5/387282>

Disorderly Transition Likely With G20 behind On Climate Commitments

G20 countries are far off track on meeting climate change targets, setting them up for a disorderly transition when they finally spring into action. China has led the world in renewable energy investment and deployment, high-speed rail, new transmission, and the world's largest carbon market. The US is badly off track, with no real national climate policy or strategy to speak of. The UK has already cut its emissions in half relative to a 1990 baseline, and recently announced a goal of cutting emissions by 78 per cent by 2035. Besides this story earlier stories during November-December 2020 highlighted that India has already exceeded the Paris Agreement commitments on climate change. The Prime Minister of India stressed that "climate change must be fought not in silos but in an integrated, comprehensive and holistic way."

Source: Cunningham, N. (2021), "Disorderly Transition Likely with G20 behind On Climate Commitments", The Fuse, 27 May, 2021, available on <http://energyfuse.org/disorderly-transition-likely-with-g20-behind-on-climate-commitments/>

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