Trade, Investment and Globalization

T20 Recommendations Report

Draft // Work in Progress

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Content

1. Overarching Narrative

-- to be added –

2. G20 Commitments and Initiatives

-- to be added –

3. T20 Task Force 8: Trade, Investment and Globalization

Task Force Description

The world trading system is facing various challenges such as rising protectionism, unequal opportunities to engage in global value chains, and legal systems that are ill-equipped for digital trade and international trade in services. To address these issues, the task force will discuss policies to strengthen the WTO as a negotiating forum and both restore and reinforce the WTO dispute settlement procedure to improve the world trading system. The task force will also focus on goods and services trade policies and socially just and environmental-friendly investment policies that create mutual benefit for both developed and developing countries and mitigate the negative effects of globalization in order to achieve sustainable, balanced and inclusive development. Finally, the task force will explore how to establish well-balanced global rules that promote the free flow of data while also ensuring the protection of personal information in the era of digital trade. Through these discussions, the task force aims to foster common understanding on global issues and provide policy recommendations to G20 officials from an academic perspective.

Source: https://t20japan.org/task-forces/trade-investment-and-globalization/

A. Strengthening and Improving the World Free Trading System

Challenge

Together with the malfunction of World Trade Organization (WTO), market distorting government aid including industrial subsidiaries, restriction on market participation of foreign companies, involuntary licensing and behavior of state-owned enterprises are considered to be the underlying root cause of the unilateral trade restricting measures and counter measures that have been implemented since the beginning of 2018. In attaining sustainable and comprehensive economic development, discussion about the rules that eliminate and prevent measures and subsidiaries against equal competitive condition is crucial.

To address the malfunction of WTO and the difficulty of forming new rules as the consequence of increasing member nations, it is vital to modernize the organization by updating and strengthening the existing rules as well as preventing functional decline of Appellate Body.

[source: 2019 Japan T20, Description Task Force 8]

Policy Briefs / Literature

Elvire FabryAllan (Jacques Delors Institute)
Erik Tate (Jacques Delors Institute)

Saving the WTO Appellate Body or Returning to the Wild West of Trade?

Joseph Francois (University of Bern and World Trade Institute)
Laura M. Baughman (Trade Partnership Worldwide LLC and The Trade Partnership)
Daniel Anthony (The Trade Partnership)

"Trade Discussion" or "Trade War"? The Estimated Impacts of Tariffs on Steel and Aluminum

This Policy Brief updates our March 13 Brief, which estimated the potential net impacts on U.S. jobs across all industries of steel and aluminum tariffs applied to targeted steel and aluminum imports from all countries except Canada, Mexico and Australia. Steel tariffs now apply to imports from all countries except Argentina, Australia, Brazil and Korea; quotas limit imports from Argentina, Brazil and Korea. Aluminum tariffs now apply to imports from all countries except Australia and Argentina; quotas limit imports from Argentina. "Compensation" in the form of tariffs imposed by major U.S. supplying countries on U.S. exports is now actively in process (for the purposes of this paper, we refer to compensation sought through the World Trade Organization (WTO) as "retaliation").

We find that the tariffs and quotas coupled with retaliation would have positive employment impacts on U.S. steel and aluminum producers, as well as a handful of other sectors able to attract capital and labor released from sectors that are harmed by the tariffs and retaliation. However, tariffs, quotas and retaliation would harm the U.S. economy overall, including workers in other manufacturing sectors that use steel and aluminum. Those positive and negative impacts would ripple through the economy, affecting workers in every sector.

Mary E. Lovely (Peterson Institute for International Economics)
Yang Liang (Syracuse University)

Trump Tariffs Primarily Hit Multinational Supply Chains, Harm US Technology Competitiveness

European Commission

Concept Paper — WTO Modernization

James Mackie (Ernst & Young LLP)
Rene Aubourg (Ernst & Young LLP)
Michael Heldebrand (Ernst & Young LLP)
Michael Leightman (Ernst & Young LLP)

Trade War With China Could Cost the US Economy

Aki Tamura (National Graduate Institute for Policy Studies, Japan)
Carlos Primo Braga (Evian Group, IMD)
Eduardo Bianchi (Escuela Argentina de Nedocios, Instituto Universitario)
Galina Kolev (Cologne Institute for Economic research (IW))
Johannes Schwarzer (Council of Economic Policies)
Jurgen Matthes (Cologne Institute for Economic Research (IW)
Kamala Dawar (University of Sussex, UK))
Marcela Cristini (Latin-American Research Economic Foundation (FIEL))
Matthias Helble (Asian Development Bank Institute (ADBI))
Tu Xinquan (University of International Business and Economics, Bejinh))
M. Sait Akman (Economic Policy research Foundation of Turkey (TEPAV))
Axel Berger (German Development Institute (DIE))
Simon Evenett (University of St. Gallen)
Maximiliano Mendez-Parra Overseas Institute (ODI)
Claudia Schmucker (Deutsche Gesellschaft für Auswärtige Politik e.V.)

Mend It, Don´t End It: The Case for Upgrading the G20's Pledge on Protectionism (T20 Policy Brief)

Despite neutering the official monitoring of protectionism, unmistakable evidence assembled from state sources demonstrates that G20 members routinely violate their "no protectionism" pledge. The scale of trade affected should concern senior officials: by March 2018 over 80% of G20 goods exports competed against trade distortions implemented since November 2008 that were still in force. That percentage falls to 30% if export-related trade distortions are set aside, a total that excludes as yet unimplemented recent high-profile import restrictions.

Concerns that the current G20 approach does not address the full range of policy intervention that distort 21st century commerce should be addressed by Leaders taking two steps: expanding the scope of the G20 protectionist pledge and calling for upgraded monitoring.

Rather than engaging in another fruitless debate about what constitutes protectionism, a principle-based approach should be pursued. G20 Leaders should adopt text that condemns any discriminatory policy intervention, unless a widely-accepted exception is invoked that is justified by evidence, least distortive, implemented only after completing established procedures, and subject to timely review.

G20 Leaders should also adopt text calling on relevant international organisations to redouble their monitoring efforts in line with this principle-based approach and to improve substantially their coverage of the services and intangible economies.

Simon Evenett (University of St. Gallen)
Johannes Fritz (University of St. Gallen)

The WTO's Next Work Programme — As If the Global Economic Crisis Really Mattered

The trade distortions implemented during the Great Depression of the 1930s and the global slump of the early 1980s influenced the subsequent evolution of the world trading system, not least because policymakers recognised the deficiencies in existing trade rules. Evidence is presented here on the incidence and trade coverage of the principal means by which governments have discriminated against foreign commercial interests since the onset of the global economic crisis. This evidence is hard to square with claims that multilateral trade rules held back protectionism. Preparing the ground to fix the flaws in current rules and in dispute settlement should be part of the WTO's future work programme.

Zornitsa Kutlina-Dimitrova (European Commission, DG Trade)
Csilla Lakatos (World Bank)

The Global Costs of Protectionism

This paper quantifies the wide-ranging costs of potential increases in worldwide barriers to trade in two scenarios. First, a coordinated global withdrawal of tari commit- ments from all existing bilateral/regional trade agreements, as well as from unilateral preferential schemes coupled with an increase in the cost of traded services, is estimated to result in annual worldwide real income losses of 0.3 per- cent or US$211 billion relative to the baseline after three years. An important share of these losses is likely to be concentrated in regions such as East Asia and Paci c and Latin America and the Caribbean which together account for close to one-third of the global decline in welfare. Highlighting the importance of preferences, the impact on global trade is estimated to be more pronounced, with an annual decline of 2.1 percent or more than US$606 billion relative to the baseline if these barriers stay in place for three years. Second, a worldwide increase in tari s up to legally allowed bound rates coupled with an increase in the cost of traded services would translate into annual global real income losses of 0.8 percent or more than US$634 billion relative to the baseline after three years. e distor- tion to the global trading system would be signi cant and result in an annual decline of global trade of 9 percent or more than US$2.6 trillion relative to the baseline in 2020.

Per Altenberg (Kommerskollegium, National Board of Trade Sweden)

Protectionism in the 21st Century

M. Angeles Villareal (Congressional Research Service)
Ian F. Fergusson (Congressional Research Service)

The North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) has been in effect since January 1, 1994. NAFTA was signed by President George H. W. Bush on December 17, 1992, and approved by Congress on November 20, 1993. The NAFTA Implementation Act was signed into law by President William J. Clinton on December 8, 1993 (P.L. 103-182). NAFTA continues to be of interest to Congress because of the importance of Canada and Mexico as trading partners, and because of the implications NAFTA has for U.S. trade policy under the Administration of President Donald J. Trump. During his election campaign, President Trump stated his desire to renegotiate NAFTA and that he would examine the ramifications of withdrawing from the agreement once he entered into office. He has also raised the possibility of imposing tariffs or a border tax on products from Mexico. This report provides an overview of North American market-opening provisions prior to NAFTA, provisions of the agreement, economic effects, and policy considerations.

Andreas Freytag (Friedrich-Schiller-University Jena)
Johannes Schwarzer (Council on Economic Policies)
Miriam Kautz (Friedrich-Schiller-University Jena)
Peter Draper (Institute for International Trade, University of Adelaide)
Peter Rashish (AICGS – Johns Hopkins University)
Rob Vos (International Food Policy Research Institute (IFPRI))
M. Sait Akman (Economic Policy Research Foundation of Turkey (TEPAV))
Clara Brandi (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Uri Dadush (Bruegel)

Mitigating the Adjustment Costs of International Trade (T20 Policy Brief)

The evidence demonstrating that nations gain from trade is overwhelming. However, trade liberalization can cause disruption to firms and workers, and its gains and losses are spread unevenly. While many gain from trade, import surges have sometimes undermined the economic viability of whole communities. Existing mechanisms specifically designed to mitigate trade adjustment costs are often inadequate. They can be a source of inefficiency and inequity since trade shocks are only a part of the economic uncertainty affecting workers. Gradualism in trade liberalization combined with preemptive measures to strengthen competitiveness, can help mitigate adjustment costs. Displaced workers are best helped using generally applied safety nets, not those specific to trade. But these are not enough. Trade adjustment requires mobility of factors. International coordination is required to support an open and predictable trading system under the WTO,as the greatest future source of trade shocks could be protectionism, not trade liberalization.

Christian von Haldenwang (Deutsches Institut für Entwicklungspolitik (DIE))

Tax Competition (T20 Policy Brief)

The world is facing a new round of international tax competition that may result in a ruinous race to the bottom, undermining the fiscal capacity of states to respond to global challenges and to implement the Agenda 2030. G20 leaders must take action to strengthen multilateral and cooperative approaches to taxation, curtail harmful tax competition and protect their own tax base as well as that of developing countries.

M. Sait Akman (Economic Policy Research Foundation of Turkey (TEPAV))
Axel Berger (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Uri Dadush (Bruegel)
Simon Evenett (University of St. Gallen)
Lise Johnson (Columbia Center on Sustainable Investment (CCIS))
Maximiliano Mendez-Parra (Overseas Development Institute (ODI))
Raul Ochoa (Consejo Argentino para las Relaciones Internacionales (CARI))
Claudia Schmucker (Deutsche Gesellschaft für Auswärtige Politik e.V.)

Key policy options for the G20 in 2017 to support an open and inclusive trade and investment system (T20 Policy Brief)

In the face of exceptional challenges, the G20 should step up its efforts in 2017 to preserve the current global trade and investment system, including effective multilateral dispute settlement procedures, while not losing sight of medium-term reforms. The G20 should focus on (1) supporting the World Trade Organization, (2) being upfront about the mixed effects of trade and investment, (3) improving G20 measures to tackle protectionism and (4) promoting investment facilitation.

Andrés Matias Schelp (Consejo Argentino para las Relaciones Internacionales (CARI))
Félix Peña (Consejo Argentino para las Relaciones Internacionales (CARI))

A vision about regional contribution to a more effective global governance: the case of the multilateral international trade system (T20 Policy Brief)

The main idea of our vision is that, at least in the case of international trade, global governance arquitecture and its impact in social cohesion at the national level, could be improved through a higher degree of sustainable win-win governance approaches at regional geographic spaces. That means that the design of the future international trade order (institutions and rules), especially if it is based in a network of connected regional and interregional trade agreements, could be acquiring greater practical importance for the efficacy of global governance and for the trust of civil societies concerning the idea of opening national economies.

Gregory Shaffer (International Panel for Social Progress (IPSP))
Marc Fleurbaey (International Panel for Social Progress (IPSP))

Adapting Trade Policy to Social, Environmental, and Development Goals (T20 Policy Brief)

International trade law has been oblivious to social inclusion. One of the results has been a rise in neo-nationalism and the threat of trade wars. This proposal addresses how international trade law can be retooled in order to: help combat harmful tax competition, avoidance, and evasion; aid domestic social security and job retraining; support labor protection; discourage social dumping; and enable industrial policy experimentation for development. The proposal involves: pursuing tax cooperation and linking trade agreements to tax agreements; incorporating adjustment policies into trade agreements and adding monitoring mechanisms; enlarging trade negotiations over policy space; setting up procedural and transparency safeguards to prevent abuses and hidden protectionism.

B. Cooperation Towards Sustainable and Inclusive Trade and Investment

Challenge

Unrestricted activities of companies is becoming more important than ever in achieving sustainable economic growth. Especially, considering that process of industrial operation is separately located among different countries based on optimal production location of each phase, it is important to discuss the development of framework to enhance international inter-process specialization and global value chain participation of SMEs and developing economies.

Through production and capital/technology transfer, investment from developed economies to developing countries contributes to employment and economic development of developing countries as well as sustained growth of world economy. On this basis, it is important to discuss how to promote the investment from developed economies to developing nations that aims to contribute to comprehensive economic development.

Sustainable Development Goals (SDGs) with leave-no-one-behind mindset aiming for sustainable society of diversity and inclusion contributes to employment and development of both developed and developing nations. Taking this understanding into account, discussion will be made on measures to boost private investment that contributes to the SDGs.

[source: 2019 Japan T20, Description Task Force 8]

Policy Briefs / Literature

Assembly of French Chambers of Commerce and Industry (ACFCI) & Paris Chamber of Commerce and Industry (CCIP)

Internationalization as SMEs 24 Proposals for a More Effective European Policy

Aradhna Aggarwal (Copenhagen Business School)

Towards An Integrated Framework for Special Economic Zones (SEZs): A Dynamic Institutional Approach

This paper presents a comprehensive conceptual framework for the rationale, success factors and development outcomes of Special Economic Zones (SEZs), and analyses their performance in selected Asian countries within that framework. It draws on the tenets of the literature on 'dynamics of institutional changes' to introduce basic assumptions and generates a series of propositions as building blocks of the framework. It argues that SEZs are a safety valve that can address inefficiencies within a given institutional context. If used strategically, the SEZ policy can be an exceedingly versatile tool to achieve a variety of goals. The drivers of success and economic outcomes of SEZs depend on the strategic approach adopted by policy makers towards SEZs. There is no single recipe of their success or development outcomes. Finally, institutions evolve in the process of development. So must strategic approaches towards SEZs. New genres of SEZs need to emerge and the existing ones must upgrade to address new institutional challenges, and achieve new goals. It argues that is the SEZ policy and not SEZs per se that need to be the focal point of the SEZ debate.

E.R. Akhmetshina (Kazan Federal University)
G.T. Guzelbaeva (Kazan Federal University)
D.K. Rakhmatullina (Kazan Federal University)

Special Economic Zone as a Local Area of Public-Private Partnership Implementation

The article is devoted to studying the theoretical and practical aspects of special (free) economic zones' functioning. The authors, by analyzing the relationship between the Institute of public-private partnerships and special economic zones, proved that the special economic zones are not a form of public-private partnership, but the environment of its implementation

Tamali Chakraborty (Indian Institute of Technology (IIT)
Haripriya Gundimeda (Indian Institute of Technology (IIT)
Vinish Kathuria (Indian Institute of Technology (IIT)

Have the Special Economic Zones Succeeded in Attracting FDI? Analysis of India

The introduction of Special Economic Zones (SEZs) in India has injected hope for augmented economic growth in recent future. The motive behind establishment of SEZs was mainly to fuel rapid economic growth, provide world class infrastructure and employment, promote exports, increase foreign exchange reserves and attract more Foreign Direct Investment (FDI). The main objective of the paper is to investigate whether the enactment of SEZ policies had any impact on inflow of FDI among Indian states. This is tested using panel data techniques on 16 groups of states over 14 years period from 2001 to 2014. The results indicate that enactment of SEZ policy (as well as op- erational SEZs) in a state has induced more FDI inflow. Based on the results, it can be concluded that the states, which want to benefit from FDI inflow, they need to enact the policies sooner.

Fernando Blumenschein (Getulio Vargas Foundation (FGV))
Axel Berger (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Clara Brandi (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Diego Navarro (Getulio Vargas Foundation (FGV))
Adriana Neligan (Cologne Institute for Economic Research (IW))
Isabel Jandeisek (Zeppelin University gGmbH (ZU))
Johannes Blankenbach (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Josef Wieland (Zeppelin University gGmbH (ZU))
Joshua Wickerham (ISEAL Alliance)
Lise Johnson (Columbia Center on Sustainable Investment (CCIS))

Philipp Harms (Johannes Gutenberg University Mainz (JGU))
Uri Dadush (Bruegel)

Fostering the Sustainability of Global Value Chains (GVCs)

The world economy is increasingly embedded in Global Value Chains (GVCs). Meanwhile, although the rising significance of GVCs increases the importance of removing both export and import restrictions, the willingness of nations to cooperate in that regard is at an ebb, noticeably regarding Deep Preferential Trade Arrangements (PTAs), something which needs to be addressed by policy-making.

Our main proposals are to (i) measure and set targets for the manifold contribution of GVCs to the global economy, (ii) commit to standards for the mitigation of economic disruption and sudden change, and (iii) set up a Global Pact for Sustainable Trade that sets a social and environmental agenda for the three other policy proposals, underlining the significance of the globally agreed 2030 Agenda for Sustainable Development.

Nora Lustig (Tulane University)

The Sustainable Development Goals (SDGs), Domestic Resource Mobilization and the Poor (T20 Policy Brief)

Achieving the SDGs will depend in part on the availability of fiscal resources to deliver the floors in social protection, social services and infrastructure embedded in the goals. A significant portion of these resources is expected to come from domestic sources. Raising additional revenues domestically, however, may leave a significant portion of the poor with less cash to buy food and other essential goods. Fiscal incidence analysis for twenty-nine low and middle-income countries shows that, while fiscal policy unambiguously reduces income inequality, that is not always true for poverty. In other words, the poor are made poorer by the fiscal system, primarily due to consumption taxes. The Domestic Resource Mobilization agenda could make this situation worse. The demand for additional domestic resources must be balanced against the competing need to protect poor households from becoming poorer as a result of taxes.

Jann Lay (GIGA German Institute of Global and Area Studies)
Clara Brandi (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Imme Scholz (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Nancy Alexander (Heinrich Böll Stiftung North America)
Rainer Thiele (Kiel Institute for the World Economy (IfW))
Ram Upendra Das (Research and Information System for Developing Countries (RIS))
Richard Klein (Stockholm Environment Institute (SEI))

Coherent G20 policies towards the 2030 Agenda for Sustainable Development (T20 Policy Brief)

Policy coherence is essential to achieve the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda. We recommend that the G20 (a) puts policy coherence for sustainable development (PCSD) to the forefront of its actions and (b) focuses on policy areas, where coherent actions can make a difference. Priority should be given to (i) improved coherence in the context of trade and investment policies, (ii) a comprehensive approach towards climate policy that extends beyond climate targets, (iii) these issues in the context of the partnership with Africa, and (iv) the policy coherence set-up within the G20.

Andrea Ordóñez (Southern Voice)
Elisabeth Hege (Institute for Sustainable Development and International Relations (IDDRI))
Franklin Murillo (Social Progress Imperative)
Gaurav Sharma (Asian Development Bank (ADB))
Laura Cavalli (Fondazione Eni Enrico Mattei (FEEM))
Imme Scholz (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
Kanako Tanaka, Dr. (Center for Low Carbon Society Strategy (LCS), Japan Science and Technology Agency (JST))
Koichi Yamada, Prof. (Center for Low Carbon Society Strategy (LCS), Japan Science and Technology Agency (JST))

Improving the G20's coordination on the delivery and monitoring of the 2030 Agenda (T20 Policy Brief)

In 2018 the G20 has the opportunity to streamline its commitment to the 2030 Agenda into its processes and practices with concrete actions. First, the G20 should task the Development Working Group with creating a common template to report on the SDGs that could replace other reporting formats within the G20. Here, the G20 has an opportunity to innovate in ways that ensure that all G20 actions refer to the 2030 Agenda as an overarching framework and thus more stringently support the general follow-up and review of the SDGs by the G20. Second, the Developing Working Group should promote collective reporting of the G20 countries and, third, it should encourage evaluation of policies and learning among countries.

Venkatachalam Anbumozhi (Economic Research Institute for ASEAN and East Asia (ERIA))
Paulo Esteves (Pontifícia Universidade Católica do Rio de Janeiro / BRICS Policy Center)
Imme Scholz (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))
LI Yuefen (South Centre)

Reforming international cooperation towards transformative change (T20 Policy Brief)

G20 countries should commit to reforming international cooperation for effective delivery of the 2030 Agenda by adopting tangible steps to reform global economic governance and cooperation (SDGs 10 and 17) and by diffusing innovative approaches in all cooperation forums and platforms they are part of (e.g. EU, NAFTA, African Union, APEC, ASEAN, BRICS and G7 summits, UN and IFIs) specifically with regards to both the provision of global public goods, and to the adoption of integrated solutions to eradicate poverty, combat inequality within and among countries, preserve the planet and foster social inclusion and prosperity.

Chen Dongxiao (Shanghai Institutes for International Studies (SIIS))
Paulo Esteves (Pontifícia Universidade Católica do Rio de Janeiro / BRICS Policy Center)
Edna Martinez (Proactivo Sostenible)
Imme Scholz (German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE))

Implementation of the 2030 Agenda by G20 members: how to address the transformative and integrated character of the SDGs by individual and collective action (T20 Policy Brief)

The implementation of the 2030 Agenda for Sustainable Development will benefit considerably from the contributions of G20 countries. The G20 Development Working Group (DWG) can support this endeavour by agreeing on specific steps in three areas that would specify its mandate to “act as a forum for sustainable development dialogue” and to facilitate “mutual learning and exchange of experiences and good practices among G20 members on their respective national actions for sustainable development”. These three areas are mainstreaming, partnerships and building capacity / sharing experience.

C. How to Promote Rule-making in the Era of Digital Trade by Promoting Free Flow of Data While Ensuring Personal 'Data Protection and Security

Challenge

In order to ensure sound development of digital trade, concern over cyber security and leak of personal information and firms' trade secrets needs to be address while securing free circulation of data and information. Therefore, it is essential to discuss about promoting well-balanced rule making that ensures security and personal data protection while fostering free flow of data at the same time.

Challenges that firms are facing in meeting with different criteria of digital sphere among different countries is one of the factors that prevents digital trade from further development. Thus, it is indispensable to establish international rules on data flow as well as to discuss the information sharing about best practice of regulation.

[source: 2019 Japan T20, Description Task Force 8]

Policy Briefs / Literature

Claude Lopez (Milken Institute)
Susana Nudelsman (University of Buenos Aires, UBA)
Alfredo Gutierrez Girault (Consejo Argentino para las Relaciones Internacionales (CARI))
José Siaba Serrate (Consejo Argentino para las Relaciones Internacionales (CARI))

The Crypto-Assets Experience: Give Technology a Chance without Milking Users nor Investors (and Keep Close International Oversight on Potential Collateral Damage) (T20 Policy Brief)

Crypto-Assets (CA) are digital instruments aimed to serve as mediums of exchange that rely on decentralized control and boast the (yet to prove) promise of a revolution in Finance. Their meteoric rise entails both opportunities and perils. Rewards are uncertain; risks, much more tractable. We propose the design of a cross border framework to put CA on a level regulatory playing field with other competing financial instruments and activities. That involves keeping close scrutiny of CA linkages with the real economy and the existing conventional financial infrastructure, and bringing CA under the normal anti-money laundering (AML) and counter-terrorist financing (CFT) standards. Risks borne by users and investors – and possible systemic risk – deserve thorough examination while giving technology space to develop its genuine potential.

Ricardo Meléndez-Ortiz (International Centre for Trade and Sustainable Development (ICTSD))

New Industrial Revolution: Upgrading Trade and Investment Frameworks for Digitalization (T20 Policy Brief)

Multilateral progress on the governance of the digital economy and trade remains sluggish, with possible serious consequences for the global economy and development. Processes currently in course, such as those at WTO, need strengthening. Such attention also needs to effectively address the risks of a widening digital divide. Plurilateral and regional approaches raise the potential for innovation in this domain, but such approaches must be understood systemically in relation to their sustainable development impacts.

New gaps in trade governance have been exposed as the digital economy continues to grow and new technologies emerge and are rapidly deployed. Policymaking in this area requires more and effective international interagency coordination and greater involvement of country capitals.

Misallocation of taxable profits is exacerbated by lack of adequate frameworks that address the digitalization of economy and trade, and there is lack of consensus about political and technical solutions.

Julie Maupin (Centre for International Governance Innovation (CIGI))

The G20 Countries Should Engage with Blockchain Technologies to Build an Inclusive, Transparent, and Accountable Digital Economy for All (T20 Policy Brief)

Blockchain technologies hold the key to building an inclusive global digital economy that is auditably secure and transparently accountable to the world's citizens. At a time when governments must fight to restore the public's faith in cross-border economic cooperation, blockchains can play a critical role in strengthening economic resilience while ensuring the global economy works to the benefit of all. The G20 must take decisive steps to harness this technology in service of its policy goals across the core focus areas of economic resilience, financial inclusion, taxation, trade and investment, employment, climate, health, sustainable development, and women's empowerment. Failure to do so risks further fragmenting the global economy, undermining public trust in international economic institutions, and pushing the most cutting-edge blockchain developments into dark web deployments that are beyond the reach of government influence. By acting now to embrace blockchains' socially beneficial properties and minimize their potential downside risks, the G20 governments can lay the foundation for a just, prosperous, and truly shared global economy.