

SNAPSHOT

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How businesses can help the G20 step up its game

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Since the COVID-19 crisis began, critics have accused the G20 of being missing in action. Established in 1999 at finance minister and central governor level, the G20's original objective was to foster high-level discussion on financial stability among 19 developed and developing countries and the European Union. Together, the members of this exclusive club generate some 80% of the world's economic output.

Following the 2008 financial crisis, the G20 became a medium for broader discussions amongst global leaders, also expanding its agenda to social and development issues. In addition to holding its first leaders' summit, it established a set of 'Engagement Groups', representing the voices of business, labour, civil society and the scientific and research communities.

Those who argued that the COVID-19 emergency was the ideal moment for the G20 to steer a coordinated, multi-pronged global response have been left disappointed. But for organizations or industries seeking to shape the direction of public policy affecting their sectors globally, the G20 may be an important vehicle to do so for their ambitions. In fact, there may never be a better time to engage.

Challenges

The collective action of the G20 in the aftermath of the financial crisis more than 10 years ago undeniably mitigated the size and duration of the international economic crisis. Initiatives such as its 'Framework for Strong, Sustainable and Balanced Growth' ensured consistency on fiscal, trade, monetary and structural issues in a collective, coordinated response.

Although attracting less fanfare, G20 members responded in similar fashion in March. Leaders met in a virtual Extraordinary Summit on 26 March 2020 and finance ministers and central bank governors on 31 March 2020, and finance ministers and governors adopted an Action Plan to support the global economy in mid-April. The package of financial measures which resulted included endorsement of

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a comprehensive IMF support package, addressing debt vulnerabilities in low-income countries and a suspension of debt service payments for the 76 poorest countries. Pledges in the form of financial contributions to strengthen the IMF were also made to address critical funding needs. Less a globally coordinated stimulus, members tallied national immediate and exceptional measures to support their economies.

In contrast, the lackluster coordination of the response to the COVID-19 health dimension and its impact on trade has prompted leading voices to call on the international community to step up its game. A letter from former UK Prime Minister Gordon Brown, co-signed by 205 prominent people, captured this sentiment, noting that existing international organizations, including the G20, are ill-equipped to deal with the type of global crisis created by this pandemic. The massive public health emergency has affected both the supply- and demand-side, driving leading countries' economies into a downward spiral and economic recession (or worse). As the shortcomings of global healthcare have

seriously undermined global economies, critics have pointed out that the G20 has not struck an emergency committee or taskforce devoted to COVID-19 (although the Science Engagement Group did have a Task Force dedicated to the Future of Health that presciently undertook work on “Preventing pandemics and expanding Personalized Healthcare” before the crisis hit). G20 health ministers met virtually in mid-April and pledged cooperation, though they fell short of agreeing on global coordination through the WHO.

And although G20 agriculture ministers also in April committed to ensure continued flow of food across borders, and G20 trade ministers in late March made a similar pledge, there was no agreement to refrain from export restrictions. Trade ministers are meeting again, virtually, on Thursday, May 14.

Global Context

It must be said that the G20’s shortcomings are not unique. Multilateral organizations, from the G7 and the UN Security Council to the WTO and WHO, have all struggled to adjust to a world defined by a fundamental shift in the rules of engagement. Where the US could once be relied upon to be a catalyst on issues of collective interest for the world’s largest economies, the Trump administration has rejected this role. In the process it has also distanced itself from the alliances and doctrines that have informed US policy since the Cold War.

In this context, an entity like the G20 still has great potential. Unlike the IMF, WTO, WHO, and similar organizations, the G20 is not a decision-making body. It is designed primarily to facilitate discussions. As such, it can be a useful place to bring together world leaders and ministers to share perspectives on common concerns, exchange best practices, and build towards consensus on national and sometimes international initiatives without the expectation that binding action will follow.

It may thus be too easy to dismiss such a role as just another “talking shop.” For example, as noted above, finance ministers and central bankers used the G20 to organize a harmonized approach to stabilizing the global financial system in March that helped to pre-empt panic about the risk of bank failures (like those in 2008), which could have prompted a financial crisis on top of a global pandemic.

On trade, G20 discussions effectively established principles to circumscribe protectionist tendencies, by emphasizing that any restrictive measures must be temporary, transparent, and proportionate. A number of participants are carrying forward this approach into WTO discussions.

Opportunities

There is no reason the G20 can’t serve a useful purpose for industries beyond the financial markets. COVID-19 has generated debate around issues such as security of food and healthcare supplies, contact tracing and privacy, international travel, and liability laws that could have far-reaching consequences for the policy, regulatory and trade landscape governing a range of industries. In the absence of US leadership, like-minded governments have an opportunity to shape the emerging standards and harmonize rules around how the world should approach issues such as these.

In early May, the EU co-hosted with the UK, Canada, Australia, Italy, Japan, Norway and the G20’s current Chair Saudi Arabia a summit on coronavirus research. This event prompted 30 countries, supported by the UN, philanthropists and research institutes to pledge \$8 billion to develop a coronavirus vaccine. These “coalitions of the willing” were notable for the absence of the US, India or Russia.

In this context, the work of G20 ministers presents a useful footing for organizations that wish to engage and influence policy outcomes on a global scale. The crisis will continue to shift the needs and priorities of businesses and governments, whether regulatory, commercial or institutional. Many of the policies that were being developed at the national and international levels will need to go back to the drawing board based on this changing landscape. Governments will be looking to stakeholders for new ideas and solutions that address these challenges.

For the private sector, it has never been more important to have a strategy for building coalitions that can shape the conversations and consensus at the multilateral level, including at the G20. Companies in industries such as technology, healthcare, agri-food and travel and tourism would be well served by developing their own “G20 agenda” around some basic elements:

- Identify those business issues most at risk (or with greatest potential upside), if governments took concerted international action on the policy or regulatory fronts;
- Coordinate national-level government relations or regulatory affairs efforts around future G20 meetings, including at both officials’ and ministerial and leaders’ level, relevant to the company’s interests;
- Cultivate and mobilize like-minded firms, and by engaging across G20 governments, foster a “coalition of the willing”: governments that are prepared to work together to advance policy positions and arguments at the global level that align with the company’s or sector’s point of view.

While it may be challenging to advance an organization or industry's objectives in a multilateral forum like the G20, experience has shown that governments facing common problems are open to solutions from outside, especially if they arise from parties whose interests and operations transcend those of any one country. And intergovernmental agreement is more likely if various capitals hear common messaging from their respective stakeholders.

So, now is not the moment to give up on the G20 – or multilateralism as a whole. Indeed, for organizations with vision and a willingness to take a strategic approach to managing government attitudes toward their issues, the G20's time may have come.

Staying on top of the agenda

Napoleon's Foreign Minister Charles Maurice de Talleyrand was fond of saying that "*The art of statesmanship is to foresee the inevitable and to expedite its occurrence.*" A strategic approach to communications and government relations has never been more crucial. Businesses that hope to meet their objectives in this environment should be anticipating post-COVID-19 regulatory scenarios and establishing cross-disciplinary groups that can:

- map out potential changes to the competitive landscape or operating environment as government plays a greater role in the aftermath of the crisis;

- identify the factors that will drive best-case or worst-case regulatory outcomes for the business;
- gather and share intelligence in real time to ensure the business is well-informed of potential issues it faces
- game plan for joining up efforts across markets to create a "coalition of the willing" on the issues that matter most to the business or sector;
- define advocacy strategies required to build new relationships and secure the licence to operate; and
- communicate to ensure that, when it needs to be heard, the business's voice has impact.

It is always challenging to align business objectives with the diverse views found in a multilateral forum like the G20. A government or group of governments facing similar challenges, however, will often welcome contributions from the private sector that can help them reconcile domestic political pressures without sacrificing economic opportunities. In the aftermath of COVID-19, businesses that find their inner Talleyrand will be well positioned to set the agenda

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