

ISPI FORUM 2019**TOWARD THE ITALIAN G20: THE FUTURE OF MULTILATERALISM**

Milano, 3-4 ottobre 2019

Multilateral Institutions seem increasingly unable to provide shared, fair and effective solutions to today's common needs, while newly-created organizations compete with them. What are the root causes of the current crisis of the global liberal order? How could this impact international trade and economic growth, as well as international and regional security? How can multilateralism be defended and re-launched?

These issues were at the core of the ISPI Forum¹, an annual event aimed at providing a platform for high-level debates on key geopolitical and economic issues. The 2019 edition focused on "The Future of Multilateralism", and was also intended as a step towards the Italian presidency of the G20 in 2021.

The ISPI Forum was opened by the President of the Italian Republic Sergio Mattarella on October 3rd and hosted a Senior Expert Meeting on October 4th (All. 1 the programmes), bringing together over 20 representatives from leading think tanks worldwide. The Forum was organised with the support of the Italian Ministry of Foreign Affairs and International Cooperation, and in cooperation with BMW Group (official partner) and Pirelli (partner).

Key comments, takeaways and results are presented in the Senior Expert Meeting Report (All. 2).

¹ <https://www.ispionline.it/it/pubblicazione/future-multilateralism-toward-italian-g20-24079>



THE FUTURE OF MULTILATERALISM

3-4 October 2019

Milan, Palazzo Clerici





ABOUT THE FORUM

The **ISPI Forum** is an annual event aiming at providing a platform for high-level debates on key geopolitical and economic global issues. Under the banner **"Exploring the Future"**, every year the Forum selects a major global trend or pressing challenge in order to debate its current evolution and possible scenarios. To this aim, the Forum brings together and engages senior experts from leading think tanks worldwide who are also provided the opportunity to exchange views with distinguished speakers, thus turning Milan into a hub for debates on the future of the world. In particular, participants discuss key implications for state and non-state actors and for the international community as a whole, with a view to identifying viable policy options for global governance and spreading awareness to the public at large.

THE 2019 EDITION

The 2019 edition of the ISPI Forum is devoted to **"The Future of Multilateralism"** also as a step towards the Italian Presidency of the G20 in 2021.

Multilateralism is at the core of the liberal order that emerged after WWII. It has played a key role in maintaining peace and prosperity worldwide for over six decades. But it is now facing an unprecedented crisis, as old and new powers challenge its values, goals, and Institutions. Multilateral Institutions seem increasingly unable to provide shared, fair and effective solutions to today's common needs, while newly-created organizations compete with them.

What are the root causes of the current crisis of the global liberal order?

How could this impact international trade and economic growth, as well as international and regional security?

How can multilateralism be defended and re-launched?

OCTOBER 3

PUBLIC CONFERENCE

4.30 pm

THE FUTURE OF MULTILATERALISM

on the occasion of the opening ceremony of the ISPI Master in Diplomacy 2019-2020

Opening

Welcome remarks:

Giampiero Massolo, President, ISPI

Official speech:

Sergio Mattarella, President of the Italian Republic

High Level Panel

Lakhdar Brahimi, former UN Under Secretary General, Special Representative in Afghanistan and Special Envoy in Iraq

Jeffrey Feltman, former UN Assistant Secretary General

Jean-Claude Trichet, former President, European Central Bank

Chair:

Monica Maggioni, CEO, RaiCom

OCTOBER 4

SENIOR EXPERT MEETING

9.00 am

PLENARY SESSION

MULTILATERALISM TODAY: RATIONALE BEHIND THE RETREAT

11.15 am

PARALLEL SESSIONS

**THE RETREAT OF MULTILATERALISM:
THE UNKNOWNNS OF GLOBAL SECURITY**

**THE RETREAT OF MULTILATERALISM:
THE UNKNOWNNS OF GLOBAL ECONOMY**

2.00 pm

PLENARY SESSION

BEYOND THE UNKNOWNNS: WHICH RULES FOR THE XXI CENTURY?

Participating Think Tanks: The Brookings Institution (US), Bruegel (EU), Center for the Implementation of Public Policies Promoting Equity and Growth - CIPPEC (Argentina), Centre for European Policy Studies - CEPS (EU), Centre for International Governance Innovation - CIGI (Canada), Chatham House (UK), Chinese Academy of Social Sciences - CASS (PRC), Chongyang Institute for Financial Studies (PRC), European Council on Foreign Relations - ECFR (EU), Gaidar Institute for Economic Policy (Russia), Gateway House - Indian Council on Global Relations (India), Global Solutions Initiative - GSI (Germany), Institut Français des Relations Internationales - IFRI (France), Japan Institute of International Affairs - JIIA (Japan), King Abdullah Petroleum Studies and Research Center - KAPSARC (Saudi Arabia), Peterson Institute for International Economics (US), South African Institute of International Affairs - SAIIA (South Africa), The Economic Policy Research Foundation of Turkey - Tepav (Turkey), Think Tank and Civil Societies Program - TTCSP (US).

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THE TRILATERAL COMMISSION

ISPI

ITALIAN INSTITUTE
FOR INTERNATIONAL
POLITICAL STUDIES

The Italian Institute for International Political Studies (ISPI) is an independent, non-partisan Think Tank providing leading research and viable policy options to government officials, business executives and the public at large wishing to better understand international issues.

Founded in 1934 in Milan, ISPI has always adopted a pragmatic approach in analyzing geographical areas and topics of particular interest such as: Europe; Middle East and Africa; Asia; Russia, Caucasus and Central Asia; Latin America; Global Governance; Business Scenarios; Cybersecurity; Transatlantic Relations; International Terrorism; Infrastructure; Migration; etc.

ISPI is the only Italian Institute - and among the few in Europe - combining policy-oriented research with an equally significant commitment to education and training, to conferences and advice on international trends.

In particular, the Institute is Italy's main forum for debate on international affairs, and promotes international events. These events include annual conferences such as "Rome MED - Mediterranean Dialogues".

In over 80 years, ISPI has built an extensive network of think tanks in Europe and across the world and since 2014 it is the think tank representing Italy in the Think20 (T20), an advisory body of the G20.

ISPI FORUM 2019: THE FUTURE OF MULTILATERALISM

Senior Expert Meeting Report

Caught between the rise of emerging powers and newly-created organisations that compete with them, Multilateral Institutions seem increasingly unable to provide **shared, fair and effective solutions** to today's common international challenges. What are the root causes of the current crisis of the global liberal order? How could this impact **international trade** and **economic growth**, as well as international and regional security? How can multilateralism be defended and re-launched?

These issues and many more were addressed during the [ISPI Forum \(Milan 3-4 October\)](#), an annual event aimed at providing a platform for high-level debates on key geopolitical and economic issues under the banner "Exploring the Future". The spotlight of the 2019 edition was on **"The Future of Multilateralism"**, at a time when new and old powers challenge the values, rules and institutions of multilateral cooperation both in the economic and security fields. In particular, the ISPI Forum delved into the rationale behind today's retreat of multilateralism with a view to providing viable options to re-launch it. This year's edition was also intended as a step towards the **Italian presidency of the G20 in 2021**.

The opening speech of the Forum was delivered by the **President of the Italian Republic** Sergio Mattarella, followed by a public Conference with **Lakhdar Brahimi**, former UN Special Representative for Afghanistan and Iraq, **Jeffrey Feltman**, former UN Under-Secretary General for Political Affairs, and **Jean-Claude Trichet**, former President of the European Central Bank.

The following day, the ISPI Forum hosted a [Senior Expert Meeting](#) which brought together over 20 representatives

from leading think tanks worldwide such as the Atlantic Council, Brookings, CASS, CEPS, Chatham House, CIGI, CIPPEC, Gateway House, JIIA and TTCSP. The public Conference and the Senior Expert Meeting were attended by over 400 participants, including academics, experts, business leaders, and young students.

The ISPI Forum 2019 was organised with the support of the Italian Ministry of Foreign Affairs and International Cooperation, and in cooperation with BMW Group (official partner) and Pirelli (partner).

PLENARY SESSION “MULTILATERALISM TODAY: RATIONALE BEHIND THE RETREAT”

The first session was aimed at assessing the reasons lying at the core of the current crisis of multilateralism. In particular, the speakers tried to answer three questions: *Where do we stand today? Why does multilateralism seem increasingly unable to provide solutions to current global challenges? Will recently-launched organisations substitute or complement the existing ones?*

KEY TAKEAWAYS

- The main reason why multilateralism has become dysfunctional is that today we are experiencing a **multi-speed globalisation**: there is a globalisation in communication technology and finance, which runs at the fastest speed; there is a globalisation of trade, which is visible but less rapid; there is a globalisation of labour, which is significantly slower than the former two; and finally there is a globalisation of international institutions, which are unable to keep up with the pace of the other three globalisations. Thus, institutional responses to current global challenges tend to be dysfunctional, as they constantly need to catch up with the other “globalisations”.
- A significant illustration of the crisis of multilateralism is **the crisis of the United Nations**. Several factors are negatively affecting the ability of the UN to guarantee peace and security:

- Peacekeeping **has not kept up** with current emerging challenges: it is not designed for dealing with civil wars fuelled by terrorism, as well as proxy wars and other transnational threats;
 - Global governance is not keeping up with **modern technology**, so there is a detachment between contemporary challenges brought about by artificial intelligence and the ability of multilateral institutions to address them;
 - There is a growing scepticism towards the current multilateral system, which in recent years has fuelled the rise of **populist leaders** worldwide, who are increasingly questioning the values lying at the core of multilateralism;
 - The rise to power of China, as well as Russia's growing assertiveness, are bringing to the fore **a different values system**, which can be at odds with the UN's fundamental values;
 - The current system is also put to the test by the uncertainty surrounding the commitment of two of its most important founders, the **United States and the United Kingdom**.
- Another domain in which the crisis of multilateralism manifests itself is **global trade**. Today, the rules of the global trading system are under attack by one "idiosyncratic" player (the US). Do other players have incentives to defend the current multilateral trading system, or will bilateralism prevail? The EU depends on trade more than the US and China do, thus it is unlikely to lead in the reform of the system, because leading requires providing concessions to "followers". On the contrary, China, which is becoming somewhat less dependent on trade at the same time as it becomes more relevant to the global economy, could take on the role of future leader/sponsor of global trade, but would need to overcome frictions due to state influence on the economy.
 - However, participants **did not expect a global trade war** in the near future, just bilateral ones. Looking at the US and China, for example, their current spat is more geopolitical than geoeconomic. There is little economic incentive to increase tariffs or non-trade barriers erga omnes, since global production chains give business leaders a big incentive to lobby for free trade.

- Meanwhile, discriminatory, **bilateral tariffs are extremely costly** due to the mutual dependencies among countries, as any tariff imposed on the imports of one country acts as an export subsidy to all others, and as a tax on the consumers of the country that imposed the tariff in the first place. Because of this, the most likely scenario appears to be more **a weakening of global rules** due to the lack of leadership, rather than trade wars.
- As for **emerging economies**, the uncertain future of multilateralism is a growing source of concern. This has led many countries to develop greater agency on the matter, even coming up with alternative proposals and agendas to reform the global system. For example, African agency has strongly evolved over the last decade. Despite African-proposed reforms having rarely taken off, nowadays African countries are trying to build a more unified approach in global thinking, and to play a more active role in global fora. At the same time, China is also playing a larger role in shaping parallel institutions, often complementing the already existent ones. However, it remains to be seen whether these newly-launched institutions will serve to bolster or undermine the existing multilateral system.
- Three possible ways out of the current crisis have been suggested:
 - Finding a new way to work together to address and overcome global challenges entails finding new "global leaders". In addition to being in a position of power at the international level, these countries need to be willing to accept short-term losses in order to gain long-term benefits, such as shaping the international order more to their liking;
 - Bridging the gap between technological globalisation, trade globalisation, and labour globalisation on the one hand, and global governance on the other;
 - Showing that UN values (collective security, sovereignty, universalism) are a common good, and that there is an interest to preserve them for whoever will lead the international order in the future.

PARALLEL SESSION: "THE RETREAT OF MULTILATERALISM: THE UNKNOWNNS OF GLOBAL SECURITY"

The session "The retreat of multilateralism: the unknowns of global security" identified a growing gap between reality (i.e., political, technological and economic dimensions) and the existing architecture of international governance. Participants agreed that we are now living in an interregnum, where, quoting Gramsci, "the old world is dying, and the new world struggles to be born". The changing global scenario thus calls for new norms that address the complex and interconnected issues of global security, including climate change and technological innovation. Stakeholders should not resist change but instead embrace an inclusive multilateralism that reflects the new balance of power.

KEY TAKEAWAYS

- The current human rights conceptualisation builds upon two principles derived from the 1990s - that is, international justice and responsibility to protect (R2P). Nowadays, there is an excessive number of humanitarian interventions, that often last too long, and that seldom are successful. Moreover, current power shifts from a unipolar world contest the general meaning of peace, global justice and human rights. As a consequence, there is a need to **re-frame and agree on the current meaning of human rights and justice**: pushing for a more forward-looking agenda for human rights, with a new language that better navigates this novel context, while striving to preserve core commitments and values.
- The international community lacks **a common understanding of the technologies** that pose new threats to international security. For example, in **cyberspace** – now becoming one of the most contested domains – there are numerous and fragmented international fora, which are struggling to find common and shared norms. Another example is that of **artificial intelligence**, which is difficult to regulate because of the lack of an uncontested definition and a full understanding of the extent of its application. Groups of experts are meant to guide civil society and politicians towards a safer and better exploitation of these new technolo-

gies, striking a balance between national security and the need to set up a novel and comprehensive international governance framework.

- If **the European Union** wants to continue playing an active part in the multilateral order, it should act more effectively by **strengthening three main areas**: democratic governance and accountability; economic governance; and the security and foreign policy field. National interests still override the governance of European institutions. At the same time, the lack of a fiscal and banking union limits the level of integration. Finally, unless it reinforces its international posture, the European Union runs the risk of remaining marginalised vis-à-vis rising powers.
- The lack of a multilateral approach to **conflict management** is exemplified by the case of the Middle East. Here, the absence of a multilateral approach caused an increase in the number of failed states, an erosion of trust among stakeholders, further militarisation, and worsened social and economic conditions. In this context, there is a risk of radicalisation and political violence spreading across national borders.

The **retreat of multilateralism** we are currently experiencing should not be seen as a retreat or an existential crisis for the international community but rather as **a rebirth**. In the current interregnum – as the new rules of multilateralism are being defined – different conceptual interpretations of universal principles must be acknowledged. Thus, facing current and future security challenges requires a case-by-case approach that places people at the core. Overall, the new multilateralism should not be built by imposing norms, but by working inclusively with all stakeholders in an effort to share new success stories and practices that could be an example for others.

PARALLEL SESSION: “THE RETREAT OF MULTILATERALISM: THE UNKNOWNNS OF GLOBAL ECONOMY”

Ten years after the global financial crisis, the world is left with unprecedented levels of debt and is experiencing a trade war between the US and China, amid downward revisions of global economic prospects. This session aimed at grasping the reasons behind the retreat of multilateral economic institu-

tions, and asked whether there is still room to reform them in a way that can both respond to new challenges and deliver global solutions beneficial for all.

KEY TAKEAWAYS

- The retreat of multilateralism is contributing to the **rise of uncertainty and risks**, undermining global growth. Gross capital formation is negative in almost all countries; FDI inflows are sinking and, at the global level, trade growth is slowing down below GDP growth. These are all signs of a dangerous de-globalisation trend. Among the current unknowns of global economics, **trade tensions** are contributing to the world's economic slowdown through an increasingly protectionist stance from most countries and a rising premium risk triggered by higher uncertainty.
- The world is **drifting away from a rules-based international order** and we are not prepared for a new crisis. The 2009 global financial and economic crisis has been handled and contained especially through the active role of financial institutions. On the opposite, national governments are nowadays trying to use financial institutions as an instrument of economic competition. While it is still true that many countries share **a core set of rules** that may contribute to a common ground of dialogue, they seem increasingly unable to deal with the current economic slowdown, running out of tools in case of a new economic crisis, but also adopting narratives that are increasingly at odds with each other.
- As countries are closing up, the **need for global solutions** has not subsided. Globalisation has provided benefits but also disadvantages, and the latter are pushing countries to act more and more unilaterally. In this context, economic institutions are increasingly unable to deliver public goods and to provide safety nets to cope with economic failures, as the loss of legitimacy of the WTO has made evident.
- Emerging countries are the main beneficiaries of the globalisation process and thus they are advocating for an **enhanced multilateral cooperative framework**. Among emerging countries, China has been one of the main beneficiaries of the globalisation process. Accordingly, Beijing does not have an interest in replacing existing institutions; rather, it asks for reforms that can reflect the shift of the world economic balance in

its favour. India as well is now trying to set a domestic and international agenda that can be more suitable to its interests, while taking more responsibilities in the management of the world economy.

- To cope with the current unknowns of the world economy, **a more cooperative approach** is needed. **Emerging economies should be more represented** in financial institutions in order to have their voices heard and become responsible stakeholders in finding shared solutions to common economic challenges. In the specific context of the US-China power confrontation, it is imperative for countries to remain open, avoiding unilateral actions that could have negative spillovers on economic growth.
- Multilateral institutions should be more transparent, accountable and effective. The **G20 is the most important platform for political dialogue** among developed and emerging economies: it is the most representative international forum, representing almost 80% of global economy and 75% of world population. The G20 countries should further **improve macroeconomic coordination** and nudge countries into making comprehensive use of all policy tools, including fiscal, monetary and structural reform policies, to promote a vigorous, sustainable, balanced and inclusive growth of the world economy. The **T20** can help G20 leaders to reach these goals, by providing policy advice and promoting dialogue through a direct contribution from civil and academic society.

PLENARY SESSION: "BEYOND THE UNKNOWNNS: WHICH RULES FOR THE XXI CENTURY?"

The closing panel moved to ask what are the rules for a multilateralism that is fit for the XXI century, and what can think tanks and academia do to support policymakers in such a momentous moment. The discussion was structured around some key questions: what challenges does the world face going towards the next G20 and T20 summits? How can the G20 and T20 become more inclusive, diverse, policy-oriented, sustainable, coherent and cooperative? What role can think tanks and civil society play in rewriting the rules of the game?

KEY TAKEAWAYS

- Multilateral institutions need to **adapt to a changing reality** where old rules are getting obsolete and enforcing multilateral decisions is getting more and more difficult. Even the G20 – which is already more inclusive than the G7 – has proved at times ineffective. To move beyond this, everyone – especially new players – needs to feel that they have **ownership of the new rules**. The T20 should clearly identify the key issues that world leaders need to address.
- In the **G20 and T20**, economists too often have taken centre stage. However, they mostly reason in terms of material resources and zero-sum games. In fact, human beings need more than that, as they also need social solidarity. Discussions in multilateral fora should acknowledge this fact: **the G20 needs to speak about solidarity as much as it does about prosperity**.
- One paradox of the think tank community is that ideas proliferate and yet there is **a lot of intellectual poverty**. Everyone calls for unity in addressing the challenges of multilateralism, but different perspectives are drifting further apart from each other. The **T20 can be a useful and pragmatic platform** for global debate that can partially compensate for this paradox.
- A question that remained unresolved is who the key players in today's global governance are. In redefining a new Bretton Woods system, who should we address: mostly big powers, or all countries? And how to balance legitimacy with efficacy? Non-state actors are becoming increasingly relevant: should cities be co-opted into the fray and made autonomous actors with state-level governments when it comes to discussing matters of global relevance? What about the business community? Redefining multilateralism means taking all these factors into account, and having frank, open and transparent discussions on **how to foster legitimacy without undermining effectiveness**.
- **Hybrid regimes** are becoming the new normal. Conversely, liberal democracies are facing a legitimacy crisis. This is undermining a key political science assumption, that of an unstoppable march towards democracy, and it also calls into question whether today's imperative should

be **to defend multilateralism**, per se, **or to defend democracy**. It is not at all clear that the two can be dealt with at the same time.

- **Politics** is getting **increasingly personalized**: leaders are outshining electoral programmes and party systems. This brings **more instability and unpredictability** and, coupled with the digitalisation of political debate and information, further increases the volatility of public opinions. There is a need to train the kind of leaders able to think long-term and lead the future multilateral system.

For the G20 and T20, **continuity is paramount**. Knowledge building throughout the years should be enhanced and “institutional memory” be respected. A stricter link between G20 and T20 should be created (e.g. the G20 could ask the T20 to carry out research and provide policy proposals for the forthcoming G20 presidencies).

The format of the **ISPI Forum**, which put many and diverse stakeholders around the table and offered them the opportunity to present their own perspective on the future of multilateralism, provided a useful platform to exchange views and advance policy proposals. Redefining the rules of multilateralism cannot be a top-down process, nor can it be an unstructured discussion from below: diversity and inclusion should be fostered, as they trigger innovation, and the process should be guided in order to not only bring diverse views together, but also encourage the pursuit of consensus.