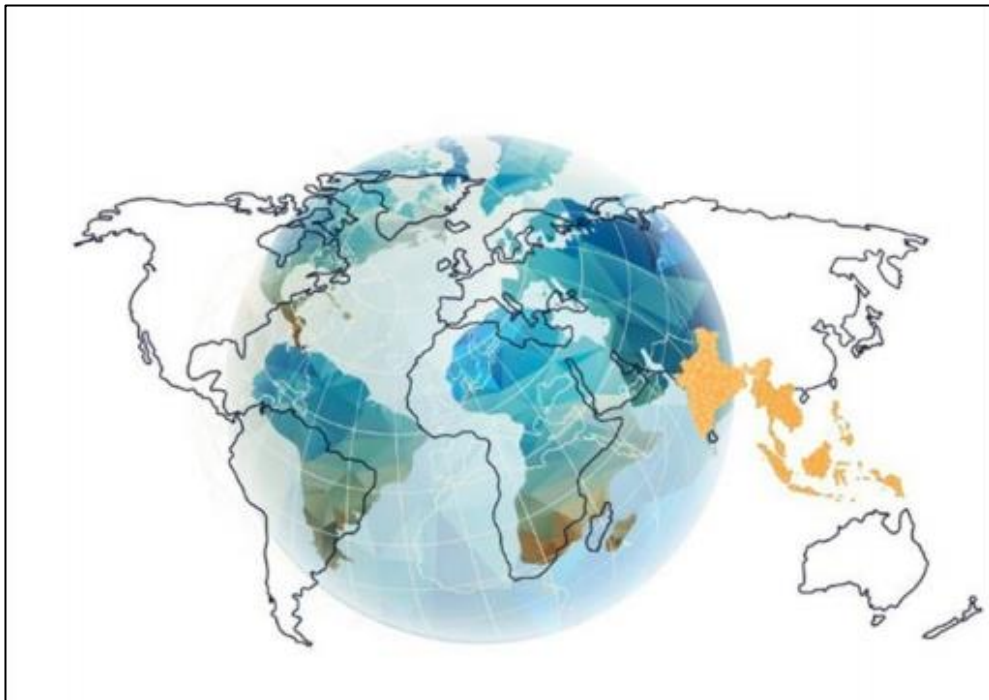




Concept Note- Multilateral Session

October 2020



Federation of Indian Chambers of Commerce and Industry (FICCI)
Federation House, Tansen Marg, New Delhi, India

BACKGROUND

FICCI LEADS is an endeavour to evolve a shared vision among global leaders, to reimagine economic growth on the pillars of open economies, self-reliance, economic resilience and multilateralism. Global leaders were invited to share their views on 21st century challenges and opportunities for global business value chains.

The idea of LEADS:

L - Leadership for global prosperity in the backdrop of disruption

E - Excellence in everything we do

A - Adaptability to these VUCA times

D - Diversity for inclusive growth fabric

S - Sustainability as a given for economic growth

FICCI LEADS 2020 offered a platform to leaders, influencers and opinion shapers across the world for exchange of ideas with relevance to India's regional engagement. The motivation for the programme arose from the fact that in an interdependent world, effective leadership and genuine commitment is imperative to encourage constructive policy debates, evolve a collaborative approach for achieving the vision of an abundant, ecologically balanced and prosperous world for our future generations. This FICCI initiative was also driven by the need to reaffirm economic solidarity across borders, with optimism for the future in these uncertain times.

CONTEXT

The geopolitical and economic context of multilateralism has been evolving constantly. Over the years we have gravitated towards globalisation, a multidimensional process enhancing interconnectedness through direct and complex indirect linkages.

'Glocalisation' is the adaptation of global and international products, into the local contexts they're used and sold in. The term was coined in the Harvard Business Review, in 1980, by sociologist Roland Robertson, who wrote that globalization meant "the simultaneity—the co-presence—of both universalizing and particularizing tendencies." The inspiration came from Japan's strategy of socio-economic development since the Meiji restoration that has been a careful and strategic emulation of ideas and technologies from outside.

Robertson suggested replacing what he considered a widely misunderstood term, globalisation, with glocalisation, in order to transcend the tendency to cast globalisation in opposition to localisation. The term "glocal" which is an amalgamation of global and local and might seem as an antithesis to globalisation but is intrinsically linked reflecting global localisation. Thus, globalisation either adapts to local circumstances or strengthens local influences.

Today, at first glimpse, it seems that countries are self-isolating through the concept of self-reliance. In May 2020, PM Modi stated that the "Way ahead lies in Local, local manufacturing, local markets, local supply chain, local is not merely a need but a responsibility. Be vocal about local." However, the assistance and cooperation between nations bilaterally and through multilateral fora to transcend the crisis to humanity and economic development, projects the positive aspects of global cooperation and the constructive role of multilateralism in rebuilding confidence in globalisation. There could be diversification of supply chains or simplification but harnessing the comparative advantage of various economies around the world will drive leadership of organisations to innovate their business models.

OBJECTIVE

In this backdrop, it becomes important for global multilateral platforms like G-20, SCO, G-8, BRICS, IORA, BIMSTEC, ASEAN among others, to work towards a global engagement system which takes care of local growth imperatives. Nations need to be 'GLOCAL'. The session encompassed the aspects of globalisation, built on business excellence & adaptability to change.

Some of the questions that the session sought to answer:

- COVID-19 outbreak has laid enormous pressures on an extremely globalised world, forcing countries to adapt to a 'new normal'. While several countries have opted for closing of borders, how do the nations committed to globalisation continue to cooperate and ensure a stable international order?
- How would the forces of glocalisation impact the global and the local value and supply chains? How does this impact trade and investment in the new normal owing to restrictions on movement of goods and services all over the world? In a world that has more or less established spheres of comparative advantage and complementarity, how would the New Normal impact the set patterns of production, trade, labour and capital flows?
- Earlier global challenges have generated prospects for greater international collaboration among all countries. Regrettably, in recent times there has been a sentiment driven partially by national politics and partially by imperatives of social isolation taking countries away from the spirit of international cooperation and the machinery of collective multilateral efforts. Will the present social distancing norms and political opinion solidify national borders? What will be the effects on overall productivity and living standards? Can there be a Golden Mean and win-win situation of taking the best of globalisation and local strengths to arrive at the New Normal and national philosophy of 'Glocalisation'?
- The term glocalisation is used to describe a product or service that is developed and distributed globally but is also adjusted to accommodate the user or consumer in a local market. In a post COVID-19 world, nations have a high degree of attraction to the idea of producing and consuming to cater to local preferences and cultural tastes at global standards of quality and safety. How feasible is this in practical terms given the well-entrenched production, export flows, supply chains, spheres of technological influence and comparative advantage? How will this affect the local skills ecosystem?
- Even as countries and organisations talk of reducing dependence on complex supply chains and becoming more 'self-reliant', globalisation is here to stay. How will the businesses or the Governments ensure the delivery of services at highest quality standards and competitive rates keeping in mind the larger well-being of a country's human capital?
- Countless state and non-state actors today are intrigued about how the global pandemic will redesign global geopolitics. Global order has constantly been in a state of perpetual restructuring tackling aspects of unipolarity, bipolarity and multipolarity. How will corona outbreak impact multilateralism as a vital process and what lessons

can be learnt on the possibility to integrate the efforts of appropriate experts within an international coordinating task force comprising national, international and multilateral planes such as WHO? What are the repercussions for stoppage of funding for WHO?

- The effect of COVID-19 outbreak on sustainable development (SDGs) efforts at the national, regional and global levels seem serious. Will there be a derailing or delay in the deadline of 2030? What calibration is required at the multilateral level with coordinated national efforts to salvage and prioritise the march towards key deadlines of SDG 2030?
- Is there a need for a bottoms-up approach rather than a top- down approach while understanding the multitudinous facets of multilateralism and the nuances of self-reliance.

Key Takeaways

- The pandemic has altered the global supply chains and there is a need to re-start economic activities by factoring in the new normal that will benefit each one globally.
- Local opportunities must be created with global reach and global markets are essential for better income. The countries should address the local issues and take advantage of what is best in localisation while imbibing best practices and standards globally.
- Multilateralism should be inclusive with smart global governance and collaborative efforts for free trade. There is a need for organising value chains locally.
- The vision of multilateralism can be fostered through digitalisation and sustainable development, while getting the best out of glocalisation.
- The key is to resort to three Rs- react, respond and redesign and to focus on creating strong supply chains. There could be diversification of supply chains or simplification.
- The decision makers and legislators need to protect the interest of the farmers, entrepreneurs, service providers as well as consumers and make sure that economic activity of the country increases by creating more employment.
- Interdependence and self-reliance can go hand in hand but countries need to avoid the move towards autarky or strict self- reliance and protectionism.
- Atmanirbhar or self- reliance does not mean closing the economy and imports substitution. It means that India can be connected to the global supply chain but will also focus on making the country a global hub of exports and manufacturing and services.
- India has set an example in self- reliance in the production of PPEs and this calls for companies to have production facilities with local sources of supply in its major markets.
- By adopting the motto 'vocal for local', the states can now produce more and export more, thereby promoting competitive federalism. This will act as a catalyst in reviving the economy, which has already begun seeing green shoots.