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## Dialogue on the future of multilateralism



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### Participants for Theme 1: BRICS and multilateral reform

- Dr André de Mello e Souza, Senior Research Fellow, The Institute of Applied Economic Research (IPEA), Brazil
- Dr Victoria V. Panova, Director, Oriental Studies Institute, Russia
- Ms Ruchita Beri, Senior Research Associate, Institute of Defence Studies and Analyses (IDSA), India
- Dr Shen Yi, Director and Professor, BRICS Research Centre of Fu Dan University, China
- Dr Philani Mthembu, Executive Director, Institute for Global Dialogue (IGD), South Africa

Moderator: Amb H.H.S. Viswanathan, Distinguished Fellow, ORF

In the post-war era, the functions of the global order and world economy came to be largely managed by the Bretton Woods institutions such as General Agreement on Tariffs and Trade (GATT) (later World Trade

Organisation) and the United Nations (UN). The post-Cold War era saw a rise of the multilateral governance system, overlaid by a liberal hegemonic system. However, with the rise of the economy and security of non-western nations such as China, India, and Brazil, the global order has repositioned itself. With growing interdependence, the change in dynamics has shifted the Global South from the peripheral to the centre of the global governance system; emerging economies are now seeking more involvement in international organisations. Amidst the changing geopolitical and geoeconomics landscape, complex questions are arising about the current role of multilateralism and whether the world is transforming into a new form of the post-hegemonic multilateral governance system. Against this backdrop, the panel discussed the future of the existing multilateral institutions and global governance forums. The panel reflected on the need to make multilateral institutions more inclusive and reflective of the needs of nations and the current geoeconomics realities of the world.

It was in this context that André Souza, Senior Research Fellow at the IPEA in Brazil, highlighted the increasing need for multilateral and plurilateral institutions to create global public goods and contingency plans. For instance, plurilateral institutions such as the BRICS have attempted to create global financial governance through the New Development Bank (NDB) and Contingent Reserve Arrangement (CRA). According to him, the COVID-19 pandemic has posed a global health and environmental emergency—both of which reflect the increasing need to provide public goods. These global public goods are necessary to address regional fragmentation and the scramble for public resources.

Furthermore, Victoria V. Panova, Director at the Oriental Studies Institute in Russia, emphasised the importance of sharing the best frontline knowledge through Memorandums of Understanding (MOUs) of cooperation and effective inclusive development by plurilateral institutions like the BRICS. She noted the need for multilateral institutions to offer international law instead of a mere rules-based order, controlled by a handful of developed countries. Philani Mthembu, Executive Director at the IGD in South Africa, highlighted that international cooperation is essential for shaping the reform of multilateralism. According to him, cooperation must not be limited to state-state diplomacy, but also must include Track II and Track III cooperation.

BRICS in a new governance paradigm must promote and support multiple narratives and ideas from across the spectrum of the global community in the spirit of inclusivity and oppose the dominance of a single vision and approach. André Souza remarked that there is a need for input and output legitimacy—the new entrants to the system must have a say in the process of decision-making but also must not be impacted by the decisions not made by them. According to Ruchita Beri, Senior Research Associate at the IDSA in India, it is imperative that multilateral groups reaffirm their commitment to multipolarity so that they can balance the asymmetry of power.

However, HHS Viswanathan, Distinguished Fellow at ORF, observed that albeit multilateralism is beneficial to international communities, the system has become outdated and is out of touch with current geopolitical realities of the world. According to him, there is an urgent need for reforms in the multilateral system where the emphasis is laid on representation and effectiveness. On a similar note, Shen Yi, Director of BRICS Research Centre of FuDan University, China, highlighted that different nations refer to multilateralism in different contexts. He observed that too many stakeholders lower the efficiency of the multilateral system; therefore, it is difficult to find practical models that reflect the ‘multilateral spirit’. According to him, BRICS needs a shared, common understanding of multilateralism, wherein nations clearly define multilateralism.

With a rise in global interdependence, global governance through multilateral or plurilateral cooperation in the realms of economics, security, and politics is necessary. It is crucial that global governance is not bound by a binary vision but as a shifting balance between multilateralism and plurilateralism. Either way, it is now clear that in order to build an effective global governance leadership, it is imperative to include emerging economies in the governance groups.

## Participants for Theme 2: Specific issues in global governance—trade, technology, and international security

- Prof Luciana Acioly da Silva, Senior Research Fellow, The Institute of Applied Economic Research (IPEA), Brazil
- Dr Victoria V. Panova, Director, Oriental Studies Institute, Russia
- Dr Tan Ya, Assistant Professor, University, International Business and Economics, China
- Dr Anirudh Shingal, Senior Fellow, Indian Council for Research on International Economic Relations (ICRIER), India
- Dr Philani Mthembu, Executive Director, Institute for Global Dialogue (IGD), South Africa

Moderator: Amb. Mohan Kumar, Chairman RIS

Skepticism surrounding the global governance architecture is not new, but has become more persistent in recent times. The fault lines between developed and developing countries have exacerbated as the latter have started to be more assertive of their needs at various international platforms. There is also a growing indication that the multilateral system is not adapting fast enough to the changing needs of the participating member states. This leads us to the questions the panel aimed to address—Is the current multilateral system or plurilateral arrangements sufficient? Is the current system captured by vested interests? Does everyone on the table have a voice in the decision-making process?

Responding to the idea that multilateralism as it now stands was failing to address the needs of countries, Prof Luciana da Silva observed that this was true to some extent. It was the inability of the financial governance architecture to respond to the global financial crisis that led to the creation of BRICS's Contingency Reserve Arrangement (CRA) as well as the New Development Bank (NDB). She noted that it was elements of disorder that prompted the creation of these institutions, especially due to the disproportionate representation at the IMF and World Bank level.

Focusing on the international trade aspect of multilateralism, Dr Tan Ya pointed out that countries, by virtue of being part of the WTO, were participating in a common liberalisation agenda. She balanced this opinion, however, by emphasising that the current system was not enough to address emerging needs, especially as concerns about value chain diversification have emerged. Challenges, she noted, also develop due to the rise of emerging trade giants like the BRICS, the proliferation of Mega Regional Trade Agreements (MRTA), and offshoring of hi-technology work to low wage nations. These observations become more relevant when we juxtaposed it to the fact that MRTAs, Preferential Trade Agreements (PTAs), Free Trade Agreements (FTAs), and any other iteration of a trade agreement, have allowances for them in the GATT. A new question arises of whether the WTO's leniency in the creation of the infamous noodle-bowl of FTAs has been a cause of its own ineffectiveness. However, as Dr Tan Ya noted, PTAs also contribute to the stability of global trade, but it is important that they too become more reflective of an individual country's needs instead of being a one-size-fits-all agreement.

Dr Shingal also observed that multilateral institutions no longer reflect the realities on the ground. As far as international trade is concerned, he maintains that the rise in plurilateralism is due to the WTO getting stuck. While the organisation achieved some success in the mid to late 1990s, the Doha Development Agenda's failure has become a big reason for the stalemate it finds itself at. The Dispute Settlement Body becoming ineffectual is also a matter of concern. Multilateralism itself, he argued, remains relevant for its role in coordinating responses to large scale problems like the COVID-19 pandemic.

Issues within the institutions need to be dealt with from the inside, noted Dr Panova, stating that reform would not be possible without the commitment of all parties. She took the stance that it is the BRICS's responsibility to be devoted to reform and ensure that international forums do not remain talk shops. Dr Mthembu, adding to this stated that highlighting weaknesses within the system is necessary to engendering long-term reform. He also stressed that the organisations should not become beholden to private sector

interests but maintain the centrality of the needs of the masses.

Amb Kumar emphasised that plurilateralism must be allowed to flourish to ensure that timely decisions are made on urgent international issues. It is important, he added, to remember the difference between competitive and cohesive plurilateralism. He recommends the idea that there should be a wariness against exclusive groupings and the multilateral agenda becoming unrepresentative of the needs of the diverse countries that make up the multilateral system.

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*This report has been written by Shruti Jain and Jhanvi Tripathi*

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