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DIGITAL FUTURES: LEVERAGING G20 FOR UK-INDIA COOPERATION



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Erin Watson-Lynn is Managing Director of Baker and York and Adjunct Research Fellow at the Griffith Asia Centre, and has represented Australia at six G20 engagement groups.

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Observer Research Foundation

20 Rouse Avenue, Institutional Area
New Delhi 110002
India
contactus@orfonline.org
www.orfonline.org

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ABSTRACT

India will assume the presidency of the G20 in 2023. One of the key policy challenges for India and other member states is how to regulate the global digital economy. Once a fringe policy issue, the global digital economy is now central to the G20 agenda, with significant implications for individuals, corporations, and governments. Bilateral cooperation within the G20 system can provide additional resources and capability to any presidency, which is essential for the grouping to demonstrate its relevance in a crowded multilateral environment. This paper outlines four recommendations for cooperation between India and the UK in 2023, focusing on measurement and evaluation, policy best practice, engagement and advocacy, and contemporary digital agenda.

INTRODUCTION

India is set to take on the G20 presidency in 2023 and will inherit one of the most challenging contemporary policy challenges—digitisation. Initially starting as a marginal policy focus on the sidelines of international policymaking, digitisation now dominates the strategic agenda of the G20 presidencies. If regulated and managed properly, a thriving digital economy has the potential to bring millions of people into the online world of employment, entrepreneurship, education, and consumption. However, poorly regulated and managed, the digital economy can further embed economic and social inequalities.

The G20 is well placed to deal with this complexity, especially given its relatively inclusive membership. But it also has its challenges, as escalating geopolitical issues threaten the capacity for large multilaterals to deliver quality policy outcomes. Moreover, in an increasingly complex environment in the Indo-Pacific—with competing priorities driven by the rise of the Quadrilateral Security Dialogue (Quad; comprising the US, Japan, Australia, and India) and AUKUS (Australia, the UK and the US) alongside existing frameworks such as Asia-Pacific Economic Cooperation (APEC)—the G20 must innovate and demonstrate its contribution to leading on the digital economy.

Against this backdrop, the G20 has had some success in tackling pressing policy problems. Notably, in 2022, G20 leaders agreed to the two-pillar solution to address the tax challenges arising from the digitalisation of the economy, as proposed by the Organisation for Economic Cooperation and Development (OECD).¹ This will require multinational companies to pay a minimum 15 percent tax rate across 137 countries. While the G20 cannot regulate such an agreement, its

leadership in these kinds of policies remains crucial.

For the G20 to keep delivering quality policy solutions, bilateral cooperation with other member states outside the ‘troika’^a can provide resources and capability. There are several areas that India and the UK can collaborate on to maximise potential in 2023. These include establishing a measurement framework to evaluate policy implementation with country-level diagnostics; producing a policy guidebook to inclusively support member and non-member states to implement best case policy recommendations from the G20; strengthening the advocacy pathways for engagement groups to ensure formal mechanisms to interact with government tracks of the G20; and expanding the digital economy policy agenda to focus on contemporary digital economy issues, including Web3,^b decentralised finance, and the metaverse.^c

Digital G20

In 2022, India joined Indonesia and Italy in the G20 Troika ahead of hosting the presidency in 2023. As part of this governance grouping, India now

^a The G20 Troika comprises the grouping’s current, previous, and incoming presidencies.

^b Web3 refers to a new Internet built on blockchain technology and decentralised finance.

^c Metaverse refers to a virtual 3D world accessed through virtual and augmented reality.

has a key leadership role in shaping the G20 agenda over the coming years.² While the G20 is an increasingly crowded space of ideas, the digitalisation of the economy has emerged as one of the grouping's key policy agendas. Digitalisation is now so important that digital transformation is one of three priority pillars of the Indonesian presidency, centred between global health architecture and sustainable energy transition.³ India is well-positioned to carry this agenda forward in 2023, given its flagship 'Digital India' programme.

There is much to be optimistic about with the world becoming increasingly connected to the digital economy, which is growing faster than the real economy.⁴ Digital technologies have advanced further and faster than any other innovation in history, and can lead to greater financial inclusion, increase global trade, and provide access to services and goods.⁵ Amid the COVID-19 pandemic, which has fundamentally changed how people live, learn, earn, and consume,⁶ the G20 countries need enabling and robust policy solutions to ensure a sustainable and fair digital economy.

Despite the structural changes driven by digital technology that will bring

prosperity to many, digitalisation has enormous challenges that further entrench the inequality between rich and poor nations through the digital divide. An equitable digital economy requires a range of government regulations, social protections to distribute gains fairly, upskilling workers and entrepreneurs, and universal internet access. It also requires regional agreements to manage intellectual property, and cross-border information flows, regulate competition and taxation, and increase privacy.⁷ Now, all this needs to be managed during a period of decreased cooperation and increased geopolitical risk.

The G20 is the ideal multilateral grouping to steer this digital transformation of the global economy. Its membership represents more than 80 percent of the world's GDP, 75 percent of international trade, and 60 percent of the global population.⁸ While the coverage of the global economy is vast, it is an inclusive grouping of developed and emerging economies with representation from all regions. Each presidency invites guest countries that might not otherwise have a seat at the table. In 2022, Indonesia invited Rwanda, the United Arab Emirates, Senegal, and Cambodia.^d The countries India invites in 2023 will be an important

^d Spain is a permanent guest of the G20.

signal about the character of its presidency and the policy solutions it hopes to achieve.

While the global coverage of the G20 is considerable, the fundamentals of its mechanisms are relatively simple—there is a sherpa track and a finance track, along with official engagement groups representing civil society.⁹ These culminate in the Leaders' Summit, where G20 heads of government agree to a final communiqué of policy recommendations. The G20 lacks any formal secretariat and relies on its fluid troika system to manage its governance¹⁰—this is the grouping's key strength and its biggest weakness, especially when taking on critical policy areas, such as the digitalisation of the economy.

As the G20 Troika rotates, its agenda also shifts and changes. While the grouping was elevated to the leaders' level following the 2008 global financial crisis, its mandate has since crept into other areas beyond strictly financial and monetary policy. This has allowed for addressing new policy issues that impact the global economy, including trade, development, education, healthcare,

and digitalisation. The digitalisation of the economy emerged through various tracks of the G20 over several years, but the German presidency in 2017 convened the first digital ministers meeting. This elevation to the ministerial level signalled the continuing importance of the global economy's digitalisation to the G20 agenda and should continue throughout India's presidency.¹¹

While India has a strong foundation to harness for its G20 digital economy agenda, there is still much to be done to overcome some of the key challenges and maximise the opportunities for all. To understand the legacy and opportunity that India will inherit in 2023, this report sets out the key developments in the G20's approach to the digital economy. It highlights the current digital economy agenda, evaluates whether this meets the needs of emerging issues in the digital economy, and questions if this agenda is translating at a member state level. It then takes a forward-leaning approach to the Indian presidency and proposes areas for cooperation between India and the UK that will strengthen the global digital economy and lead to a successful and productive G20.

THE G20 DIGITAL AGENDA

The G20 has a long history of working on the broad theme of digitalisation and its impact on the global economy. At the Antalya Summit in 2015, G20 leaders recognised in their communiqué that the rise of the “internet economy” would bring substantial challenges and opportunities to the global economy.¹² Their focus was mainly on acknowledging the challenges that might lie ahead rather than offering policy recommendations. It was a foundational step for G20 leaders to begin working on what would become a transformational policy challenge.

The China presidency in 2016 was the first real attempt to understand how digital was transforming the economy

and the challenges that lay ahead. The newly formed G20 Digital Economy Taskforce (DETF) convened a G20 Digital Economy Development and Cooperation Initiative. The DETF, which is based on the consensus of all 20 member countries, defined the digital economy as: “a broad range of economic activities that include using digitized information and knowledge as the key factor of production, modern information networks as an important activity space, and the effective use of information and communication technology (ICT) as an important driver of productivity growth and economic structural optimization.”¹³

The DETF included guiding common principles on the development of and cooperation in the digital economy, including innovation, partnership, synergy, flexibility, inclusions, an open and enabling business environment, and flow of information for economic growth and security. Another important component of the DETF is the priority areas for cooperation to ‘unleash’ the greater potential of the digital economy, including expanding and improving broadband access and quality, promoting investment in the IT sector, supporting entrepreneurship and promoting digital transformation, encouraging e-commerce cooperation, and promoting the development of micro, small, and medium enterprises. The DETF also sought to promote cooperation in policy and regulations, and proposed actions to take forward in such a rapidly dynamic

policy area. This includes intellectual property, cooperation with respect to independent choice of development paths, transparent digital economy policymaking, the development and use of international standards, strengthening confidence and trust, and managing the radio frequency spectrum to promote innovation. The DETF was carried through subsequent presidencies, and remains a key working group stream of the current G20 presidency.

China’s leadership on the DETF led to establishing a digital economy ministers’ meeting under the German presidency in 2017, convened in Düsseldorf. The resultant communiqué of this first digital ministers’ meeting was largely centred on how digitalisation would lead to inclusive economic growth through employment or production. A core element of inclusivity was ensuring that the digitalisation of the economy did not further entrench inequality between developed and developing countries. This was also a focus in terms of employment—that digitalisation of the economy would provide more sustainable and fair work opportunities that would shape the future of work. It paid small but important attention to trust in the digital economy, including consumer protections and protecting critical infrastructure.¹⁴

The next digital ministers meeting in Argentina in 2018 had a broader agenda than Germany. Argentina’s communiqué

built on the German agenda to include the digital transformation of governments. This important addition contained a separate annexe on G20 Digital Government Principles, arguing for an agile, innovative and data-driven public sector. The Argentina agenda also strongly references new and emergent digital technologies such as 5G, artificial intelligence (AI) and the Internet of Things (IoT), and how digital tools would reshape the economy, workforce, and entrepreneurial activity. Argentina also focused on the digital gender divide, including an additional annexe on raising awareness and establishing goals to reduce the divide; increasing women and girls' participation in the digital economy, especially through high-growth sectors such as science, technology, engineering, and mathematics; access to finance; addressing cyber violence; and promoting sex-disaggregated data.¹⁵

The rapidly changing global digital environment was reflected in Japan's digital and trade ministers' communiqué. Argentina proposed that Japan carry forward an agenda at the interface between the digital economy and trade. This is acknowledged in the communiqué through the role of trade in economic growth, and the role of digital in enabling economic opportunities. Approaching the digital economy through both lenses resulted in a communiqué that dealt with emerging technologies such as AI, blockchain, IoT, cross-border data flows, securing the digital economy, and

governance innovation. Recommendations were focused on the human aspects of technology—while there are substantial benefits, attention should be paid to how it may deepen inequality, be exploited by violent extremists, and the need for safety, sustainability, and trust. It also dealt with the need for international organisations, especially the World Trade Organization (WTO), global and regional trade agreements, and promoting trade and investment to incorporate and consider the digital economy. The interface between trade and digital was centred on the concepts of data free flow with trust, digital commerce at the WTO, the need for capacity building, and continued dialogue to ensure the full benefits of digitisation can be realised.¹⁶

In 2020, Saudi Arabia, the first presidency to deal with the COVID-19 crisis, narrowed the digital ministers' agenda to focus on five key components of the digital economy: trustworthy AI, data free flow and trust with cross-border data flows, smart cities, measurement of the digital economy, and security in the digital economy.¹⁷ The recommendations in the Saudi Arabia agenda for AI were implantation focused and the communiqué is accompanied by an annexe of examples of national strategies and policies that the G20 member states could implement. Cross-border data flows were dealt with through a legal lens and the need to coordinate on these approaches and share best practice, as well as

by reinforcing the role of the WTO in trustworthy e-commerce. The smart cities agenda focused on human-centred approaches to technological advancements and reinforcing cross-G20 working group and taskforce collaborations. The measurement of the digital economy—work that began in previous years of digital minister meetings—was reinforced through cooperation with other international organisations (a common approach in the G20 system). Finally, Saudi Arabia included an annexe on securing the digital economy with best practices for member states to implement. The approach of the Saudi Arabia presidency was very much a ‘how to implement policy’ one, giving member states tangible policy options to take forward.

In 2021, under the Italian presidency, digital ministers carried forward Saudi Arabia’s agenda with little change, but with framing around the presidency’s pillars of people, prosperity and planet and emphasising the impact of the COVID-19 pandemic. The agenda was broadened again to reflect earlier summits, and digital government, including digital identity and agile regulation, was included in the communiqué. A significant addition to the Italy digital minister’s agenda was the inclusion of child protection and empowerment for the first time. The communiqué recommendations acknowledged the significant

opportunities that would arise for children in the digital economy, in addition to increased civil liberties, social and cultural opportunities, entertainment, and education. However, these would come with risks, especially concerning cyberbullying, cyber grooming, and the impact on children’s mental and physical wellbeing. The communiqué also focused on how the COVID-19 pandemic has exacerbated these risks. The communiqué recommended promoting a safe, secure, inclusive, and transparent online environment for children, and draws on the United Nations Convention on the Right of the Child¹⁸ and the G20 High Level Principles for Children Protection and Empowerment in the Digital Environment¹⁹ as an annexe to the communiqué. These were drawn from the OECD Recommendation on Children in the Digital Environment.²⁰

In 2022, digital transformation is one of the Indonesian presidency’s three key pillars, alongside global health architecture and sustainable energy transition. This means that the digital economy will permeate through each track of the G20 and be a core component of its activities. In the first official statement from the G20 Finance Ministers and Central Bank Governors Meeting in Jakarta in February 2022, the commitment to digital infrastructure and InfraTech investments to address the digital divide was reaffirmed. It highlights the importance of the

continued discussions on central bank digital currencies.^e It emphasises the importance of digital financial inclusion, especially for women and the youth. It discusses the role of digital in fighting financial crimes, money laundering, and financing terrorism and proliferation.²¹ The digital economy can be expected to be a critical touch point in each of the G20 tracks during the Indonesian presidency.

These digital ministers' declarations reflect some of the work by the official engagement groups that also grapple with the challenges and opportunities that arise from the digital economy. This assortment of engagement groups changes from time to time as presidencies change, but some of the core groups that have endured include Business20 (B20), Civil20 (C20), Youth20 (Y20), Women20 (W20), and Labour20. Their respective positions on digital issues vary but have developed over years of G20 meetings in parallel to the official track. The Y20, the engagement group representing young people across the G20, is optimistic about digital technologies' role in reducing global youth unemployment rates. In contrast, the C20, the engagement group for NGOs and other civil organisations, vehemently warns

of embedding inequalities, such as job security from more permanent employment arrangements.²²

G20 leaders acknowledge the work of digital ministers and other taskforces and groups within the G20 framework. The leaders' communiqués have consistently included recommendations relating to the digital economy; in the most recent declaration in Rome, policy recommendations cover international taxation, social protection, digital financial inclusion, critical digital infrastructure, digital skills and literacy, research, and more. This endorsement is important, as it ensures the following presidency can take forward and build upon the existing recommendations.

The G20 position in regional architecture

Given its enormous potential, the substance of the G20's work frames the digital economy with much positivity, but the grouping remains cautious in its optimism. While it is a largely positive narrative, current global economic and political trends raise questions about whether the G20 is addressing the critical challenges that lie ahead for the digital economy, especially in light of

^e Digital currencies are only accessible through technology platforms, including computers and mobile phones.

the emergence of several minilaterals in the Indo-Pacific region. To answer this, it is worthwhile to consider the priorities of other regional groupings such as the Quad, AUKUS, and the APEC, particularly when considering the interests of India, the UK, and the US in the Indo-Pacific. This is important, as these groupings include several G20 member countries, and their agendas will influence what India decides to take forward in its presidency. What is likely to emerge is the intersection between issues that are not being dealt within broader multilateral fora and a doubling-down on the issues India sees as a priority within those fora. This is notwithstanding India's domestic political agenda, which will also shape the G20 agenda in 2023.

Firstly, the Quad, which was once a coordination mechanism to deal with the Indian Ocean tsunami, was revived and elevated to a leaders-level dialogue in 2021. This strengthening of the Quad signalled that the Indo-Pacific is now an important strategic concept,²³ but one that is considered by many as an anti-China alliance.²⁴ This geopolitical lens on the Quad is important; with only four members, each with complicated relationships with China, the Quad has a more pessimistic outlook on digital. The Quad's official statements from 2021 commit to tackling cyber security, managing cyber threats, and securing critical technologies.²⁵ They do not reference the role of digital in strengthening the economy, workforce,

or inclusivity. This assertive language of the Quad is largely excluded from G20 documents in the government tracks, indicating that whatever the G20 can deal with must be tolerated by a wider range of member states with different relationships with large economies such as China.

Secondly, the newly formed AUKUS is a security arrangement but includes significant economic investments, especially in terms of technology-driven defence capabilities. There is a particular focus on cyber capabilities, AI, quantum technology, and undersea capability. The new trilateral agreement is controversial as Australia cancelled its submarine contracts with France and committed to acquiring nuclear-powered submarines from the US.²⁶ This has implications for cooperation in the G20, especially given that Australia has faced the consequences through significant delays to the EU-Australia Free Trade Agreement negotiations. This has the potential to play out in the G20 as well, at a time when maintaining a balance of power in the Indo-Pacific has never been a higher priority.

Thirdly, the long-enduring mainstay of the Indo-Pacific is APEC. Although India is not a member despite attempts by other countries to convince it otherwise,²⁷ the multilateral grouping is focused on promoting free trade in the Asia Pacific region. The permanent secretariat in Singapore gives APEC a

mechanism and capability to deal with the big policy challenges of the regional economy, including digital. APEC has made big strides in charting the rules of the road for the digital economy. This includes the APEC Framework for Securing the Digital Economy (2019)²⁸ and the APEC Internet and Digital Economy Roadmap (2017),²⁹ which are focused on the security risk of the digital economy, accessibility to the digital economy, consumer data and dataflows, critical digital infrastructure, and the development of economic strategies.³⁰

This shows that APEC's focus on the digital economy sits somewhere between the geopolitical posture of the Quad and AUKUS, and the inclusive policy culture of the G20. Understanding the G20's position within this broader and increasingly crowded regional architecture helps establish the strengths and limitations in what it can achieve. While G20 summits are often characterised by political performance in the 'theatre of summitry', it is largely a forum that stays away from geopolitical statements. This is partly due to the consensus approach to decision-making, meaning policy recommendations must appeal to a broad membership that includes China and Russia.

This illustrates that the G20 is probably on the right track in terms of what it can deal with at a political level. The G20 does not need to be all things to

everyone, and perhaps other multilateral groupings are better positioned to deal with the contested geopolitical environment. India is in a good position to strike this balance in 2023, given its more independent relationship with China and the US.

Policy translation

The OECD has played a substantial role as a knowledge partner to the G20. Its research, data collection, and programme capabilities serve those purposes that the G20 is unable to in its troika governance structure. This is especially with respect to the digital economy and spans a range of policy areas. The G20 and OECD-International Network on Financial Education's report on financial resilience and transformation through digital financial literacy³¹ utilised survey findings to produce recommendations for tangible domestic policy and programme areas. Research such as this is important, and it provides both G20 and non-G20 countries with more targeted programmes and measurement tools.

The OECD has also contributed significantly to reforming, reshaping, and modernising the international tax architecture, and the digital economy has been at the top of this agenda.³² Joint OECD and G20 efforts on base erosion and profit shifting (BEPS) led to the Inclusive Framework on BEPS, which in November 2021 included

140 member jurisdictions covering 90 percent of the global economy. Under the Italy G20 presidency, 136 of these countries agreed to the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, which means that from 2023, multinational enterprises will be subject to a minimum 15 percent tax rate and a reallocation of profit.³³

While the OECD has supported much of the G20's policy translation, the measurement of individual country progress is limited. Attempts to measure the collective outputs of the G20 have been made. For example, the International Chamber of Commerce (ICC) G20 Business Advisory Group once released annual reports—the ICC G20 Business Scorecard³⁴—tracking progress on business recommendations. The last of these reports were published in 2016 during China's presidency, and included substantial contributions on measuring outputs relating to the digital economy. This report, published at a time when digital was finally reaching the G20's collective consciousness, argued that the G20's uptake of digital policy was fair. Importantly, its evaluations of

the speed at which G20 leaders and engagement groups embraced the digital economy was good.³⁵ That this scorecard is no longer in production is a great loss to accountability and measurement for the digital economy.

The absence of measuring G20 outputs is likely because individual member countries do not want to be held accountable for underperformance or differences in data collection, reporting and measurement. Similarly, for the sake of diplomacy, member states do not want to point the finger at countries that might not reach targets. Beyond the intimate G20 circles of government officials and delegates, the media tends to focus on politicised issues, such as climate change, coal, and clean energy transitions,³⁶ rather than those where there is broad consensus, such as the digital economy. The accountability question is also compounded by the capabilities of the G20 itself—the troika system and lack of secretariat makes this a particular challenge. Implementing either could burden the G20 mechanisms and disable it from the dynamic and flexible approach to international policy.

GAPS AND PRIORITIES FOR INDIA IN 2023

The options for India's G20 presidency are numerous but may become limited by the grouping's geopolitical nature. Managing this is one of India's first challenges. The Modi government will need to invest in ensuring the Leaders' Summit is attended by all G20 heads of government. A repeat of 2021, when Japan, Mexico, Russia, and China sent senior officials, has the potential to dilute the G20's effectiveness. Despite the travel challenges of COVID-19, India needs to ensure that the summit remains the high-level and inclusive meeting it has been since 2008. Keeping the G20 on leaders' agendas will be critical to continue to address the emerging, increasingly political challenges of the digital economy.

There is a clear need for the G20 to find ways to measure its impact in the digital economy. This is high on the agenda, but the implantation of measurement tools is not yet realised. Without doing this, the question of the G20's relevancy will be asked, especially in the crowded marketplace of multilateral organisations dealing with digital agendas. To do this, it is important to identify in which member states the recommendations have translated into measurable legislative, policy, or programming changes. Currently, no central database or organisation is tracking this over time. Understanding where and how recommendations have translated into member states' policy environment enables tracking of the G20's progress. In other words, what cannot be measured, cannot be managed.

Given the huge significance of the digital economy to both India and the G20, this is an opportunity for India to tackle the policy challenge and the tangible influence of the G20 as a legitimate and enduring international policy forum.

Areas for cooperation between India and the UK

India has a busy three years ahead. Opportunities for like-minded countries outside the G20 Troika, such as the UK, to support India's initiatives should be welcomed. This can alleviate some of

the burden and demands of delivering a global leaders' summit from both a policy and a logistical perspective. It will provide opportunities to strengthen alignment on key issues, develop a contemporary high-level agenda, and build strong linkages between both countries. India is in a solid position to take this on, especially given its Digital India initiative and depth of policy expertise within the state. Working bilaterally during a presidency year will share some of the logistical burden, and the UK and India are in a solid position to do this. The following suggestions for collaboration will see India transform G20 recommendations into action and grapple with contemporary policy challenges.

- **Pilot a translation and measurement framework for the digital economy**

India and the UK should identify key indicators to measure success across the G20 agenda and pilot a framework for translation and measurement. This framework should draw on the G20's Toolkit for Measuring the Digital Economy³⁷ produced during Argentina's presidency but should be contemporised for the advancements made since 2018. Given how broad the digital economy is, this should include indicators from the finance and sherpa tracks and official engagement groups. These indicators could include measuring bias in AI in the digital economy, fast emerging

issues such as cryptocurrency regulations, and the digital financial inclusion of women. Identifying which countries have implemented policies that capture these G20 recommendations, measuring their success, and understanding whether this translation results in outcomes can help sharpen future G20 policy. A model worth investigating for this framework is the ICC Scorecard, but with country-level diagnostics. This pilot framework could be utilised by future G20 presidencies and shepherded to Brazil in 2024 under India's leadership.

- **Produce a guidebook on best practice digital economy policy**

While some G20 countries might be well equipped to implement recommendations, others have less state capability. Guiding these countries on best practices can support member states in harnessing the digital economy. These should build on previous policy recommendations, for example, Saudi Arabia's annexes to their digital ministers' meeting that provide policy options for member states to adopt. The UK and India should produce a new guidebook of policy best practices from various country contexts. The UK and India are well positioned to do this together, as each country brings a vastly different geographic, economic, and social perspective that can be tailored for

developed and emerging economies. This reflects one of the key strengths of the G20—the diversity of its membership when compared to other multilateral fora. This, however, also means policy is not a 'one size fits all' model. A policy guidebook on navigating the digital economy could fall out of the translation and measurement exercise by identifying the best examples from G20 countries. This would be a significant opportunity for the UK and India to dedicate resources to support smaller G20 member states and other non-G20 member countries, that otherwise may not have state capability to develop such policies. This guidebook will also be an opportunity for India and the UK to engage more broadly with policymakers across the G20, and could be the basis for external engagement, including roundtables and dialogue.

- **Strengthen advocacy pathways for engagement groups**

Emerging issues in the digital economy are not limited to the finance and sherpa tracks of the G20. Official engagement groups have an important role in bringing digital economy policy onto the agenda. One of the key opportunities with official engagement groups is that process in the G20 is defined by each presidency and is not constrained

by any particular set of rules. Given the significant underfunding of these groups (which are generally self-funded), engagement groups range in terms of their sophistication—while the B20 may have the network for the ICC to produce a scorecard on the digital economy, the W20 or Y20 does not have the resources or structure to do the same. India and the UK should provide resources and support to these engagement groups to deliver innovative policy solutions but also bring issues and concerns to the attention of the government tracks. Support for engagement groups from the UK and India could establish formal pathways to engage with G20 leaders, which was part of the G20 process in Australia in 2015 but has since varied. Chairs of each G20 engagement group should have the opportunity to formally present their recommendations through a prescribed mechanism such as a formal roundtable. The UK could host this in cooperation with India to burden-share the logistics and cost. Another form of support for engagement groups could be capability training in policy and diplomacy at the commencement of India's presidency. Official representation from the UK in cooperation with India could facilitate this, guiding delegates

on G20 process during India's presidency, and how to best utilise a communiqué as an advocacy tool.

- **Expand the digital economy agenda**

The digital economy is moving into new spheres, including Web3, decentralised finance, and the metaverse. These contemporary policy challenges are of increasing relevance and evolving at a rapid pace. However, public policy on how these sectors should be regulated and taxed is nascent. This is especially important for public and private Big Tech companies that operate in domestic and international markets, as well as from a government standpoint, as G20 member countries such as South Korea have committed to investing in a state-led metaverse.³⁸ Given the Modi government's commitment to a digital rupee,³⁹ it makes sense that India takes a leadership role in delivering quality policy recommendations on this tech future. India and the UK should establish a taskforce to consult and advocate for relevant policy recommendations. Consultation should include tech companies operating in this space, ensuring representation across member states given the vastly different approaches to the regulation of big tech companies.

CONCLUSION

Contributing and shaping the G20 agenda over the next three years as part of the G20 Troika will position India as a regional and global leader. India will inherit an agenda with the digital economy at its forefront, a rapidly changing policy area that the country is well-equipped to handle. The accelerated and fundamental changes to how people live, work, and consume are reshaping the economy through this digitalisation coupled with the COVID-19 pandemic. AI, cyber security, 5G, IoT, and the globalisation of the economy are all accelerating these changes. While there is a strong foundation of the G20 steering the global digital economy, emerging challenges will continue to occupy member states.

Given how the G20 has embraced the digital economy through its finance and sherpa tracks and official engagement groups, its agenda is relevant and timely. Cooperating with knowledge partners such as the OECD has strengthened its capability to deliver on important reforms such as international taxation. In the current geopolitical environment, with an increasingly crowded regional architecture in the Indo-Pacific, the G20 is a steady hand and platform for other minilateral and bilateral cooperation on the sidelines.

Despite the progress of the G20 in the digital economy, there are challenges ahead in a fast-paced, rapidly changing, and increasingly decentralised digital environment. Ensuring the forum remains a leaders' level summit is critical. There is work to be done to measure the G20s impact to ensure it remains

relevant by examining the translation to country-level outputs and real policy change.

India will be busy in the lead-up to its presidency in 2023. Where other member states such as the UK can contribute to strengthening India's presidency should be welcomed. There are significant opportunities for cooperation. This report argues for developing a framework for translation and measurement, the production of a policy guidebook for the digital economy across the G20, and harnessing the potential of underutilised and under-resourced engagement groups. Together, these initiatives have the potential to produce forward-leaning policies that will both strengthen and secure the global digital economy and contribute to India's success in leading the G20 in 2023.

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 **ORF** OBSERVER
RESEARCH
FOUNDATION

20, Rouse Avenue Institutional Area
New Delhi - 110 002, INDIA
+91-11-35332000 Fax: +91-11-35332005
contactus@orfonline.org
www.orfonline.org



British
High Commission
New Delhi

Shantipath, Chanakyapuri
New Delhi 110021, India
+91 (11) 2419 2100
Fax +91 (11) 2419 2492
web.newdelhi@fcdo.gov.uk
[https://www.gov.uk/world/organisations/
british-high-commission-new-delhi](https://www.gov.uk/world/organisations/british-high-commission-new-delhi)