

LEADING IN A WORLD OF CONVERGING CRISES CONCLUDING DOCUMENT

Annual Policy Dialogue
31 October - 1 November 2022

In 2022, while the world began to emerge from the COVID-19 pandemic, itself characterised by distressing inequity across the world in access to vaccines, therapeutics, and fiscal resources, Russia's invasion of Ukraine, in violation of Article 2(4) of the UN Charter, fractured the security architecture of Europe and threatened the rules-based international order. Ukraine has been devastated by the displacement of millions of refugees, the killing of thousands of civilians, the widespread destruction of infrastructure, and the harsh contraction of economic output.

Other states and regions in the Middle East, Central, South and East Asia and Africa have been devastated by war in past decades. The multilateral system, in particular the UN system, often proved ineffective in preventing these conflicts, in brokering effective ceasefires, and in enabling economic and social reconstruction. These shortcomings were harbingers of systemic failure, but it is the effects of the war in Ukraine that we must now address.

The war in Ukraine has severely dislocated the global economy, driving up energy and food prices, and boosting inflationary pressures. Before the war, loose monetary, fiscal, and credit policies, and growth in demand had already caused price surges. COVID-19 lockdowns and the PRC's "zero-COVID" policy disrupted global supply chains. Rising geopolitical tensions sent shockwaves through energy and other commodity markets, unsettling global financial markets and further disrupting supply chains, threatening starvation for the most vulnerable, notably in Africa, parts of Central Asia, and the Middle East. This has further frustrated the implementation of the *2030 Agenda* and reversed progress on many Sustainable Development Goals.

We are deeply aware of these consequences.

Our **Policy Dialogue 2022** addressed these intertwined and converging crises, aiming to contribute to G7, G20 and UN deliberations and assist governments and other multilateral organisations with policy recommendations to respond to both symptoms and causes of these crises. We agreed on five recommendations:

- A. End the war in Ukraine:** The international community must bring all their political capital to bear in stopping Russia's aggression, restoring Ukraine's territorial integrity and enabling its economic and social reconstruction. The indivisibility of security – the principle that no country may advance its own security at the expense of that of another – must be at the core of an effective peace and security architecture. *The 1999 OSCE Charter of European Security, the OSCE's Astana Commemorative Declaration of 2010*

and the more recent *Global Security Initiative* of China, among others, provide parameters within which this can be achieved.

- B. Effect reform of the United Nations system:** The need for reform has been recognised since then-UN Secretary-General Kofi Annan appointed a *High-Level Panel on Threats, Challenges and Change on A More Secure World* in 2003. In addressing the UN General Assembly in September 2022, the U.S. noted that the Security Council should become more inclusive, openly supporting an increase in the number of both permanent and non-permanent members. The U.S. also called for members of the Council to uphold and defend the U.N. Charter and limit the use of the veto, in order to ensure the Council's credibility and effectiveness. These reforms, and others crucial to maintain international peace and security, advance the just and peaceful resolution of disputes, protect equal rights and advance the economic, social, cultural, and humanitarian welfare of all people, are urgently needed. We can build on Article 109 of the UN Charter providing for a General Conference of UN Members to review the Charter, following a two-thirds vote of the members of the General Assembly and a vote of seven members of the Security Council. This fits well with the UN Secretary-General's proposal for a *Summit of the Future* that will allow us to advance ideas for governance arrangements in the areas of international concern mentioned in the UNSG's *Our Common Agenda* report. En route to these vitally important systemic outcomes, immediate responses to the three crises of food, finance and energy are essential.
- C. Ensure global food security.** Immediate political action is needed to reinstate commercial food exports from the Black Sea ports and the MoU on Trade Facilitation enabling exports of food and fertilizers from Russia.

All relevant parties must recommit their support to the Black Sea Grain Initiative signed on 22 July in Istanbul and refrain from any action that would imperil the initiative. The agreements must be restored and extended. No party can justify exposing vulnerable people in other countries to the threat of starvation.

Continuation of the war in Ukraine, moreover, risks transforming a crisis of food affordability into one of food availability in 2024. This is unacceptable. We need to recognise food security as a matter of human rights in the 21st century.

In view of the strains in the global food system even before Russia's invasion of Ukraine, reconfiguration of the system to enable the availability of adequate food supplies, also for the most vulnerable across the world, is essential. To reduce the contribution of agriculture and food systems to global GHG emissions, moreover, production must shift from extractive to regenerative agriculture.

- D. Implement debt restructuring for economies in distress:** Urgent action by the G20 and international financial institutions is needed to fully implement the *SDG Stimulus* proposed by the UN Secretary-General, including a large increase in public sector commitments to social and economic development, humanitarian and climate change mitigation and adaptation. Debt restructuring on a holistic basis, including Chinese institutions and private lenders, to extend the duration of loans, the reduction of interest rates, and the conversion of loans to grants as well as enhanced debt relief for low and middle-income countries, including by private bondholders and sovereign creditors, and enhanced liquidity and fiscal space through greater use of Special Drawing Rights has become imperative.

Alignment of financial flows with the SDGs and the Paris Agreement on Climate Change and effective leverage of lending by Multilateral and Public Development Banks in support of the SDGs are also of key importance.

- E. Accelerate energy transition:** The world must cut greenhouse gas emissions by 43 percent by 2030 to achieve aggregate carbon neutrality by 2050. This will impose short-term economic costs, but the IMF has assessed that these are dwarfed by the long-term benefits of slowing climate change. Refocusing the COP 27 and COP 28 agenda to unlock collaborative action that will sharply reduce emissions by the largest national and sectoral emitters is essential for effective mitigation. Meanwhile, the advanced economies and high-emitting emerging markets must provide a substantive increase in the volume of financing for adaptation for low-lying island states and low-emitting, least developed countries at risk from climate change. Compensation for “loss and damage” suffered by these states due to earlier and continuing emissions by industrialised states is also necessary.

In these perilous times and despite differences between states, it is imperative to focus on three priorities: Delivering economic growth that is environmentally and socially sustainable; reducing absolute poverty and gross inequality by improving equity within and between nations; and reducing human, national, regional and global vulnerability by promoting security for all.

To achieve these outcomes, we must reach an agreement on the norms that will allow us to live together productively on earth, while celebrating our varied cultural identities and heritages. We must take active steps to improve our systems and institutions of governance at national and transnational scales. Governments exist to advance the welfare of its citizens. Our policies must therefore be guided throughout, by equity, common security and the need for ecological sustainability.

We accordingly recommend to G7, G20, the United Nations and all Leaders to unite to advance these principles and recommendations without delay.