

Geo-Economy via Geo- Environment: New Mantra for the Decade

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Exclusive Report by Dr. Arvind Kumar, President, India Water Foundation

The 50th annual meeting of the World Economic Forum was a landmark event for many reasons. The Davos annual summit has been witness to many mega global trends and events—rise of China, emergence of India, 2008 global financial crisis and the recovery, and Fourth Industrial Revolution, among others.

The 2020 summit rang with the theme ‘Stakeholders for a Cohesive and Sustainable World’. Six themes WEF addressed were around economy, ecology, technology, society, geopolitics, and industrial revival. The trends for 2020 have slightly shifted

from 2019, where gender equality and diversity emerged as key themes, but climate change, renewable, the future of economy and sustainability were a large part of the conversation, along with geopolitics. “Climate change” and “Davos Manifesto 2020” were trending terms on social media buzz.



It brought together around 3000 stakeholders that included representatives from 117 countries

and 121 nationalities under one umbrella, but *the discussion of multiple themes represented both Davos dilemma and the potential in many ways.* Business, governments and civil society had gathered to discuss the most pressing global issues with a view to improving the state of the world. We are at such critical crossroads and talks of ‘Davos Manifesto 2020’ to re-imagine the purpose for governments and stakeholders. It was a reminder why WEF was founded for 50 years ago, and what should it contribute for the next 50 years.



US President Donald Trump utilized the platform to talk about the strengths of American capitalism, snubbing the ‘*prophets of doom*’ of climate change and focused on domestic issues. On the other hand, Greta Thunberg maintained that planting trees and a ‘*low-carbon economy*’ was not the solution, and the only answer was zero emissions.

Key Findings from reports discussed

Many climate related reports were discussed such as *Global Risks Report 2020* listed the top global risks and described major environmental, ocean and climate risks that pose a threat to the economy. Oxfam also released its *Time to Care* report this week, which suggests the world’s richest 2,153 people controlled more money than the poorest 4.6 billion combined in 2019. These glaring scenarios from these reports were shared and discussed.



Unwinding Sessions

India, too, had its share of the spotlight with Union Minister of Commerce and Industry Piyush Goyal leading around a 100-member government and industry delegation. Speaking at a strategic outlook session on the Indian Ocean Rim, Goyal said that ‘*New Delhi envisions more equitable and fairer terms in trade relationships with various countries*’ giving a reference to Regional Comprehensive Economic Partnership (RCEP) trade cooperation. There was also a call for greater cooperation among the Indian Ocean Rim nations in tackling climate change. There were also constructive discussions on the potential of the economy, investment climate, besides their major concerns.

An exciting session on ‘Social Mobility: Reskilling the Next Billion’ where Denmark’s Minister for Employment, Peter Hummelgaard, emphasized that the responsibility for up-skilling is tripartite between workers, employers and the government. According to the WEF Social Mobility Index, most economies are failing to provide the conditions in which their citizens can thrive and earn a decent livelihood. India, being ranked very low at 76th place out of 82 countries on a new Social Mobility Index compiled by the World Economic Forum, while Denmark has topped the charts. In this context, it was estimated that a billion people will need to be re-skilled by 2030. For countries such as India, Denmark’s example is worth emulating.

WEF & Climate Change

The paradox can’t be missed. Global growth is slowing and is worrying business and political leaders. Globalization is in retreat, but the unfettered factor of climate change has created

unacceptable levels of income inequality, wide disparity among rich-poor and unsustainable development.

The Prince of Wales remarked that the one critical lesson we have to learn from the climate crisis "is that nature is not a separate asset class." The question of achieving the Paris Agreement goals could be a matter of survival for the whole continent and that is why there is pressure to act," German Chancellor Angela Merkel remarked that *"Time is pressing, and we must be careful as the older members of society that we treat the impatience of youth in a positive and constructive way."*

Talks for laws and structures to lead the way to gender equality were also discussed. For instance, we had Finnish Prime Minister Sanna Marin said it's now clear that women need laws to protect them from discrimination in the work place. There was a call for accelerating women participation in climate related domains. Actress Deepika Padukone from India too attended the prestigious event and was felicitated with the Crystal Award at the World Economic Forum for her contribution to mental health awareness. What we decipher from here is that



women must show willingness to come forward and lend their voice and be a part of decision making.

There was a roar that there existed in-action among leaders, experts, business tycoons towards commitments that was actually required despite evidence of a looming

climate catastrophe. However, this year also sensed a real desire to take action and implement change on the critical issues facing the world. We had Britain's Prince Charles announcing the launch of the Sustainable Markets Initiative and Council in collaboration with the World Economic Forum to help identify ways to rapidly de-carbonize the global economy and make the transition to sustainable markets.

There are opportunities, but also some challenges!

"For the first time, India received criticism on the World Economic Forum. India has been criticized for its slowing growth statistics as presented by IMF. The IMF also blamed India for 80 pc downturn in global GDP. India needs openness, it needs foreign investment, it needs the competition to be able to really be world-class. If India starts closing itself off in a world that's closing itself off, it's not good for India, foreign analyst Zakaria remarked.

Industry leaders from India included Gautam Adani, Rahul and Sanjiv Bajaj, Kumar Mangalam Birla, N Chandrasekaran of Tata Group, Uday Kotak, Rajnish Kumar of SBI, Anand Mahindra, Sunil and Rajan Mittal, Ravi Ruia, Pawan Munjal, Nandan Nilekani and Salil Parekh of Infosys, C Vijayakumar of HCL Tech, Ajay Piramal, Rishad Premji, Ajay Singh, and Pirojsha Godrej. Statistics reveal that around 51% of Indian CEOs were *extremely concerned* about uncertain economic growth, which they ranked as the biggest threat. Speed of technological change and over-regulation and policy uncertainty have been ranked as other major threats by them.

On the brighter side, we had Tata Steel Kalinganagar been honored at the World Economic Forum (WEF) 2020 for its recent admittance into the Global Lighthouse Network. Anand Mahindra, chairman of Mahindra & Mahindra Ltd., said the Indian economy has been going through a ‘*detoxification*’ process. Indeed he hinted on economic growth that is transparent, free of corruption and any rent-seeking.

What is the global thinking on India??

As per CNN analyst Fareed Zakaria “**Americans want to like India because they like the idea of India - an open, liberal, secular democracy, compared with China. And the influence of Indian-Americans should not be underestimated. But there have been two blows. First, India has disappointed on the growth and openness story economically. And the second, much more disturbing one, of course, has been over the last few years a sense that India is**

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turning away from its secular and even democratic credentials with regard to some areas”. On the contrary, India is viewed a country upholding ‘Vasudhaiva Kutumbakam’ (world is one family) and we take pride in our liberal values and integrity. We cherish the strong secular cosmopolitan culture of India.

What do we need?

Social Mobility report has given thumbs up to India in certain cases. The Areas of improvement for India include social protection (76th) and fair wage distribution (79th). Across the Global Social Mobility Index, only a handful of nations across the 82 countries covered have put in place the right conditions to foster social mobility.

The five economies with the most to gain from boosting social mobility are China, the United States, India, Japan and Germany. The US is the economy that would make the second-largest gains, at USD 87 billion a year. Next is India. So how do we plan the next?

India sees rapid economic growth and transforms into an industrial hub, demand for energy will spiral upwards. Growing urbanization, rising incomes and a steadily increasing population will also spur consumer demand for electricity. Studies suggest that India’s share of total global primary energy demand is set to roughly double to around 11% by 2040. India will need to

double its electricity output by 2030 to meet this massive rise in demand, while also honoring its commitment to reduce its carbon footprint by 35% from 2005 levels.

The sector has seen more than \$42 billion of investment since 2014 and around \$7 billion of foreign direct investment (FDI) between April 2000 and June 2018. In 2017-18, total FDI in the sector surpassed \$1 billion for the first time, while in 2018-19, it grew more than 20% to \$1.4 billion. India has a large potential to attract large investors.

Way ahead

India must leverage Sustainable markets initiatives. It shall aim to put its people at the top of global value creation generating long-term value through the balance of natural, social, human and financial capital. It means putting genuine sustainability beyond business-usual approach in our decisions and actions. Let's strive for Action oriented Ambitions.

India must now embrace stakeholder cooperation to use state, non-state and various stakeholder capabilities and resources to address the key issues of this decade. They have to actively contribute to a more cohesive and sustainable world.

In regard to strengthening economic competitiveness, India needs openness. For that, it needs foreign investment and also competition to be able to really exhibit growth along with sustainable development. We must look into issues for instance, US trade department's remark that India now has the highest tariff barriers of any country in the world, stressing that India needs to remain open for its own good. Protectionist policies only lead to doors of closed economy.

India is the new hotspot for renewable energy investors and is emerging as home to one of the world's largest clean-energy expansion programmes. It is among the top-five clean-energy producers globally and is well on course to surpass its original target. In fact, it is now eyeing 225 GW from renewables by 2022 and a target of 40% clean energy by 2030. Let India leverage this renewable sector.

Davos 2020, in short, was not just about the present global crises and a look back at the last 50 years, but also what the next 50 years will hold for everyone so that 'No One is Left Behind'. The Indian economy is to grow by leaps and bounds.

Will takeaways from Davos be a tapping cascade for India? Let us wait & watch.

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We need to fix them. But if you look at it from a global perspective, India is one of the few bright spots. The world will look to India to fuel global growth. Most importantly though, the returns must be visible and impactful in the form of social cohesion, stability and enhanced opportunity for more people to fulfill their potential aspirations.