

G20s Role in the Post-Crisis World

Key Messages

Madrid – Seoul, 2 September 2010

The November G20 Summit, chaired by the Republic of Korea, will be the first one overseen by a non-G8 country. This represents a unique opportunity to enhance this leadership's forum effectiveness and credibility and to broaden the confidence and momentum that the Korean Presidency has already generated and that needs to be maintained.

The Korean Presidency should be ambitious but also pragmatic. The G20 must first show it can deliver on existing commitments. It is in delivering that the G20 will ensure its legitimacy. The Korean Presidency needs to strike a delicate balance: it must encourage the G20 to begin thinking and acting long-term, beyond the exigencies of crisis management; but also make sure that such strategic foresight does not divert efforts from short-term imperatives. The Toronto summit was billed as a 'post-crisis' meeting but was forced to narrow its focus to questions of fiscal retrenchment. Barring further instability and crisis, Seoul will provide an opportunity for the G20 finally to deliberate on its role beyond reactive crisis fire-fighter.

We welcome the Korean Presidency's initiative to include development in the agenda. There is a case for adding some new items to the agenda; but this should be done in a way that facilitates progress on economic cooperation and governance issues and not distract from them.

Even an eventual slow down in global economic recovery should not shake the political resolve of G20 leaders in the compliance of commitments and the pursuit of their agenda.

Against this background, the following recommendations were put forward for the Seoul Summit and the G20 in the years to come:

Legitimacy and Efficiency:

Recommendation 1: Reinforce the G20's role in global economic governance in the post-crisis world.

Recommendation 2: Frame the agenda and institutionalise the relationship with relevant multilateral organisations and actors in order to avoid duplication of mandates and foster complementarities.

Recommendation 3: Focus on its current agenda and deliver on its commitments in order to ensure legitimacy.

Recommendation 4: Ensure the G20s efficiency by maintaining a manageable size, a valuable process, a workable agenda, and adequate cost management.

Reform of Quotas at International Financial Institutions:

Recommendation 5: Grant greater voting power to emerging economies and developing countries in the IFIs by ending the US veto right and Europe's overrepresentation.

Recommendation 6: Consider the reform the IMF quota formula by including other relevant indicators. To date, around 80% of this formula is based on GDP. Other elements such as population and reserves could also be considered.

Recommendation 7: Implement the decision to select the President of the World Bank and the Managing Director of the IMF on the basis of merit and regional representation.

Recommendation 8: Address future international financial challenges, such as, international monetary reform and the need for a global financial safety net.

Accountability Mechanisms:

Recommendation 9: Define the role of the G20 as the premier leadership forum that can provide political guidance on issues of concern for economic cooperation and governance.

Recommendation 10: Strengthen the accountability of the G20 through the application of results measurement, commitment monitoring and mutual assessments.

Recommendation 11: Foster transparency to enhance people's ability to have faith in the quality of the decision-making.

Recommendation 12: Define and establish an outreach strategy that allows for two-way accountability with relevant institutions and non G20 countries.

Development Priorities for a G-20 Agenda:

Recommendation 13: Enhance national capacities and create an enabling international environment for the development of sustainable global growth and wellbeing. The experience of the Republic of Korea can serve as an inspiring reference for developing countries.

Recommendation 14: Promote green and inclusive economic growth, employment creation and investment in human capital, all principles that apply to global efforts for development, including within G20 Members.

Recommendation 15: Take a more determined and creative stance on global free trade. This is an opportunity for the G20 to take concrete steps to conclude the Doha Round and fulfil the commitments of the Doha Development Agenda.

Recommendation 16: Address the existing contradiction between freedom in capital movements and the still significant barriers in the movement of labour in order to avoid asymmetric globalisation.