

Session 40. Future of the G20: Charting a Path for Global Governance

Dear colleagues and friends,

In line with the session's concept I would like to briefly highlight G20 key achievements and unresolved challenges so far, then moving over to future priorities.

Question 1. What are G20 key achievements from the past eight years of its history?

Let me start with what has been attained over the eight years since the G20 first summit in Washington in November 2008. As **despite a lot of skepticism there have been several tangible successes**. Key take-aways from the past summits include, to name a few:

- **Members' delivery on the promise to boost the IMF's lending resources** to USD750 billion to support growth;
- **G20 members' assessment and coordination of economic policies for reducing imbalances** including through the Mutual Assessment Process (MAP) with support of the IMF;
- **Advancement of a fundamental reform of the financial system** in partnership with the FSB and other institutions;
- **Consensus on flexibility in fiscal strategies implementation**, so as to support economic growth and job creation, while putting debt as a share of GDP on a sustainable path;
- **Endorsement and launch of BEPS Action Plan** – originated in the OECD – aimed at addressing base erosion and profit shifting, promoting tax transparency and automatic exchange of information;
- **Comprehensive growth strategies and employment plans** with close to 1000 individual structural policy measures **which**, according to the OECD assessment, **should raise G20 GDP by roughly 2.1 percent by 2018**.

On a positive note institutional development is another G20 achievement which cannot be shrugged off. Over the period the G20 has transformed from a shock activated anti-crisis steering committee into a global governance club recognized as a new global center of collective leadership. **Its institutional strengths include the flexibility combined with established procedures; multiple G20 own institutions and close engagements with other international organizations; a system of outreach cooperation with non-G20 countries and social partners; and not last and not least evolving accountability and self-accountability mechanisms.**

Question 2. What challenges G20 failed to resolve?

There are several concerns, which I believe are shared by most of the B20 members.

First, and most important, **G20 has not been able to avert the new crisis** which erupted in Europe (Cyprus, Greece). **Solutions to these problems are forged regionally, but G20 should remain alert to new challenges.**

Second, though the number of the commitments made by G20 has reached the total of 1 511 by now, many issues on the G20 agenda are still “work in progress”. Thus:

- **The IMF reform is not completed** in spite of the commitments made by the leaders at every summit since Pittsburg. With no progress on the IMF quota and governance reforms and the 15th General Review of Quotas, **G20 and the IMF should pursue alternative innovative options for reform.**
- **The commitments to fight protectionist measures are not followed up by G20 members’ consistent compliance performance.** Despite G20 members’ promise to reinvigorate the multilateral trade agenda, **G20 has not managed to make a substantive push for conclusion of the Doha Round of the WTO or put a brake on fragmentation of the multilateral trade.** Typical examples of preferential agreements include the Transatlantic Trade and Investment Partnership (TTIP), Trans-Pacific Partnership (TPP), the new initiative for the Free Trade Area of the Asia-Pacific (FTAAP), the almost completed ASEAN Free Trade Area, the Eurasian Economic Community, and many others. There is very little interaction and coherence between these regimes. **G20 should show its leadership and ensure that the numerous agreements “act as building blocks to the multilateral system”.**
- Given that weak investment is holding back economic growth, G20 political weight and will are needed to give a boost to high-quality infrastructure investment. **At the international level G20 should pursue negotiation of a single, globally consistent set of investment principles which would enable open flow of investment.** At the national level we look forward to the country specific investment strategies to be delivered at November summit, and commend the Turkish presidency for asking the members to focus on infrastructure, SMEs and investment environment. **The strategies should align public and private invertors’ interests, stimulate business to invest, innovate and employ.**

- **Structural reforms, including pro-competitive product market regulation and labor market reforms, infrastructure and new research and development initiatives, should be bolstered thus improving business environment and spurring private investment as a vital source of inclusive economic growth.**

Third, it is a matter of concern that the institution's agenda continues to expand accommodating a wide range of issues with a differing degree of urgency. **G20 and the world would benefit from a more focused agenda with clear coherence across policy areas.**

Finally, as a premier forum for economic cooperation, **G20 should resist use of economic instruments for political means.**

Question 3. How can G20 enhance its effectiveness? What priorities should G20 focus on in the mid-term future?

I would suggest that G20 abides by three simple principles as we head forward.

First, our host, Turkish G20 presidency has wisely made implementation one of the G20 priorities. **Implementation should remain G20 priority in the forthcoming years.**

Second, it is time to **concentrate on G20 mission**, respectively consolidating agenda and **focusing on the core policies to achieve strong, sustainable and balanced growth.** I would say: **complete the work in progress, remain alert to arising risks, build capacity to resolve the challenges in partnership with other regional and global actors.**

Third, as any good government needs a coherent opposition to hold it to account, good governance requires scrutiny of its actions from international community. **Hence G20 needs to continue consolidate its engagement with international organizations and work closely with the outreach partners.**

G20 performance should be reinforced by institutional accountability for delivery on the leaders' commitments.

To conclude, we need to focus our agenda, ensure implementation, and reinforce accountability. I am certain **tighter agenda, rigorous implementation and accountability will translate into G20 higher transparency, effectiveness and legitimacy.**

B20—IBAC

B20 is committed to supporting G20 decisions and actions on critical issues. Within the Turkish presidency the International Business Advisory Council (IBAC) has worked alongside with the already established B20 troika and taskforces. **IBAC is proving a powerful mechanism for enhancing private-public dialogue, key for the G20 central mission of generating business-led growth.**

It promotes **Continuity** as a permanent working structure steered by the presidency or presidency nominated chair. The IBAC enhances **Inclusivity** by bringing into the B20 consultations CEOs from non B20 countries and other stakeholders, including heads of international and regional organisations. It fosters **Connectivity** talking to G20 governments and advocating implementation of B20 recommendations.

In that sense we hope that the Chinese B20 presidency will retain and strengthen the IBAC.