

THE FUTURE OF THE G20 PROCESS

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KEY POINTS

- To be effective and seen as legitimate, the G20 must institutionalize its membership, chairing system and preparatory process.
- A professional secretariat is needed to follow-up and monitor leaders' commitments and to provide institutional memory.
- Outreach and consultation should continue to take into account the poorer developing nations' concerns.

The G20 is at a crucial crossroads. Having lost the “fellowship of the lifeboat” prevailing during the acute phase of the financial crisis, G20 countries are increasingly at odds — in their diagnoses of the global recession, in their prescriptions for recovery and, in particular, on exchange rate policies.¹ The G20 has, however, made undeniable progress on several fronts — including on International Monetary Fund (IMF) reform — and launched work on other areas, including development.

As the financial crisis diminishes in terms of urgency, the G20 finance ministers will return to their former roles and G20 leaders will move on to a broader agenda, development and trade issues, and global governance institutions, and eventually security and climate change deadlocks. Korea and France will play a critical role in establishing the legitimacy and effectiveness of the G20, as they serve as hosts and preside over the meetings.

What is the future of the G20 process? Institutionalization of the G20 will have several dimensions — membership, chairmanship and the preparatory process — including the questions of a secretariat and norms for outreach and consultation.

The thorny issue of seats at the G20 table seems settled. The solution arrived at, under Korean leadership, is for each summit host to invite up to five guests. The Sherpas “...set a tradition that the invitations should be made on a consensus of G20 members, not in the host country’s own desire.”² The Koreans invited Ethiopia (representing the New Partnership for Africa’s Development), Malawi (representing the African Union) and Vietnam (representing the Association of Southeast Asian Nations). Spain and Singapore will also be guests. Leaders of seven international organizations — including the United Nations (UN), the International Labour Organization and the World Trade Organization — as well as the IMF, the World Bank, the Financial Stability Board (FSB) and the Organisation for Economic Co-operation and Development are invited; this will help express the needs of countries not represented at the table and provide more regionally balanced representation. It will be up to the French in 2011 and the Mexicans in 2012 to decide on the five additional guests.

With respect to chairmanship, the troika “bucket system” of the G20 finance ministers will likely be adopted, rotating across groups. France (from Group Four)



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will chair in 2011 and Mexico (from Group Three) in 2012, with the 2013 chair coming from Group Two.

Group One	Group Two	Group Three	Group Four	Group Five
Australia	India	Argentina	France	China
Canada	Russia	Brazil	Germany	Indonesia
Saudi Arabia	South Africa	Mexico	Italy	Japan
United States	Turkey		United Kingdom	Korea

With respect to the G20 preparation process, there is a clear need for a professional secretariat in order to provide institutional memory, continuity for monitoring and follow-up of commitments, as well as to support outreach and consultation. Bureaucratization and the loss of leaders' control must be avoided or risk the loss of the leaders' commitment. In an August speech, President Sarkozy mentioned the need for a G20 secretariat. Il SaKong, the senior Korean responsible for the Seoul summit, stated recently that the November meeting will lay the ground for institutionalizing the G20 forum, including the establishment of its secretariat. One option is for a conventional secretariat of about 20 — it could be located in Seoul, Toronto, Paris or Beijing. An unconventional approach would have Sherpas from the troika countries (that is, from Korea, France and Mexico in 2011) serve as co-secretaries-general to ensure direct accountability to the host countries, avoiding the danger of independent bureaucrats capturing the process. Staff could be recruited on secondment from troika countries for three years (for example, Koreans would serve in 2011 and 2012; Mexicans would serve in 2011, 2012 and 2013). (Seconded staff need not be restricted to troika countries — it would make sense to encourage the best available people for three-year terms.)

With respect to outreach and consultation, Korea is well placed to bring the concerns of developing countries to the G20 agenda. Korea demonstrated sensitivity through emphasizing the financial safety net issue to help safeguard emerging markets from systemic instability and actions focusing on closing the development gap. With the FSB, Korea co-hosted a Financial Reform Conference to elicit views from developing markets. Korea has also institutionalized a G20 Business Summit (November 10-11) and the Civil G20 (held on October 15, with 100 representatives from 70 non-governmental organizations from 40 different countries). In September, 45 minister-level delegates were invited to the Korea-African summit. Korea accepted the 3G proposal (the Global Governance Group — 28 small non-G20 countries led by Singapore) to invite the UN secretary-general. President Sarkozy's foreign policy adviser will be dispatched to New York immediately after the Seoul summit to engage the "G172." Future hosts will no doubt continue these outreach activities.

Process is substance. The effectiveness of the G20, and its legitimacy, will depend on its process. We will have a much clearer picture of the future G20 process after the Seoul summit.

ENDNOTES

1 Wade, Robert and Jakob Vestgaard (2010). "Overhaul the G20 for the Sake of the G172," *Financial Times*. October 21. Available at: www.ft.com/cms/s/0/a2ab4716-dd45-11df-9236-00144feabdc0.html.

2 Jin-Seo, Cho (2010). "Five Non-G20 Nations Invited to Seoul Summit," *The Korea Times*. September 24. Available at: www.koreatimes.co.kr/www/news/biz/2010/09/301_73469.html.