

## Assessment of the Toronto G20 Summit and Tasks Ahead: in preparing for the upcoming Seoul Summit

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While the global economic crisis has been alleviated, to a certain extent, Europe's current financial problems, which initially spread out of the Southern Europe, appear to have the potential to result in another financial crisis. In the midst of this situation, the Summit was held in Toronto, Canada, from June 26 through June 27, 2010, and this Summit was the fourth since the Washington Summit Meeting, held in November, 2008.

Throughout the Toronto Summit, the 'Summit Declaration' was adopted, which mainly stress the importance of the framework for strong, sustainable and balanced growth, financial sector reform, international financial institutions and development, and fighting protectionism as well as promoting trade and investment, along with three Annexes that further elaborate on the Declaration in details.

Participating countries faced a substantial difficulty in reaching an agreement during the Summit due to a number of disadvantageous conditions as follows: a conflict between the European countries, whose primary focus is on recovering their

financial soundness, and the U.S., which emphasize the importance of continuing efforts to maintain the revitalization of economic growth globally, member countries' division over a bank levy, a feeling of relief that the financial crisis, if seen from a global perspective, has been somewhat overcome,

Considering that advanced economies committed to stabilizing or reducing government debt-to-GDP ratios by 2016, with pledging to at least halve deficits by 2013, and conclusions on a significant number of the agreed issues, namely the Framework, reform of the financial markets and international financial institutions, FSN (Financial Safety Net), as well as development, are to be reached during the Seoul Summit in coming November, the Toronto Summit can be evaluated as "transitional success".

During the Toronto Summit, participating countries have come to agree that the global economy is now recovering at a faster pace than initially estimated, but it is too early to develop an optimistic outlook for the global economy given the financial deterioration currently observed in some countries, high unemployment rate,

as well as the existence of global imbalance. Furthermore, those countries have agreed to deal with the policy alternatives of those aforementioned agreed matters within the perimeter of the “Framework”, and announce a comprehensive action plan in the upcoming Seoul Summit, thereby reconfirming the need for international cooperation and the G20’s value as a responsible body for such cooperation. With regard to the inclusion of the issues pertaining to development and the establishment of a financial safety net in the G20’s agenda, the leaders of the nations have emphasized that the majority of the G20’s agenda will be dealt with during the Seoul Summit, and also agreed to not only make the coming Seoul Summit as a turning point for the G20’s further development but also clearly define the nature of the Toronto Summit as a transitional one with a strong potential to be well continued into a Seoul Summit.

Also, it has been keenly observed at the Toronto Summit that the G-8 Meeting, which was held from June 25 through June 26, is closely related with the G20 Summit. By placing its focus on non-economic sector, such as peace and stability, development, and also maternal and child health, the G-8 has devoted substantial efforts to differentiate itself from the G20. As the G-8 has begun to step aside from its traditional role as the highest consultative body dealing with global economic issues and, instead, concentrate its focus on the security-related matters, which they had previously dealt with since the

end of the Cold War, the role and status of the G20 as an economic consultative body, relatively, has become further solidified. Therefore, it is expected that the G-8 and the G20 will co-exist over the short- to mid-term, based on the principle of effectively dividing the roles among themselves.

The key tasks required for the G20’s development in the future can be approached by asking the question of who (membership) will deal with what (agenda) by which means (measures).

First of all, the problem lies in defining the membership (Who). The G20 Summit Meeting is composed of 19 countries and the European Union plus the participation of various international organizations, successively followed by inviting Spain and the Netherland. If looking at this situation through the lens of so-called “with-out” or “with-in” perspectives, an important question arises with regard to the composition of member countries as well as the fundamental justification for the group’s existence. Others outside the group have pointed out that the group is made up of a few countries who have self-selected themselves to be qualified as members and also that the tendency of European countries to excessively participate could easily result in the problem of Europe’s over-representation in the group. Also, one cannot exclude the possibility that the G20 would be faced with internal competitions between groups, including the G-7 or the so-called “BRICs”.

Second, the question is related to the expansion of the agenda (What). Greater degree of consideration has been given recently to the option of making changes “within” the existing system, given the recognition that it would be difficult, in realistic terms, to fundamentally change the system in place. Also, the danger lies in that the G20 might gradually lose its *raison d’être* in case the current economic crisis is fully alleviated.

In this regard, in order to achieve further development of the group in the future, the G20 would be required to secure its *raison d’être* by gradually addressing not only non-financial related matters, such as development, climate change, and energy, but also a number of economic-related agendas that the G-7/8 countries alone cannot resolve.

Third, the question arises as to measures (How), or regarding the innovation of the system. It must be noted that a diminished sense of crisis as well as weakened interest toward the G20 resulting from the economic recovery, “summit fatigue” from the string of summit meetings that have been on steady increase and the associated political burdens might limit the group’s further development in the future. However, the sense of crisis which has emerged out of the Europe-originated financial crisis arouses a need, once again, for the G20 to carry out a reform of the global economic system with greater intensity and continuity. Therefore, it is believed that the institutionalization process, including the establishment of the permanent secretariat as a

focal point, must be approached from various angles.

Seoul G20 Summit in November this year is going to be the first summit meeting to be held in the non-G8 country, as well as the first meeting to be held independent of the G-8 since the decision to hold meetings on a regular basis was reached at the Pittsburg Summit Meeting back in November, 2009. Considering those unique characteristics of the Seoul summit, Seoul Summit meeting is expected to be a turning point for determining the group’s development in the future.

The following elements must be considered in preparing/managing the Seoul Summit meeting.

First of all, measures must be sought to improve the problem related to the composition of member countries, such as the unclarity of the group’s composition or overrepresentation of European countries.

Second, given that the G-8 generally deal with the security/politics related problems and the G20 separately deals with economic-related matters, the G20 is faced with an urgent need to identify appropriate tasks (i.e. development, financial safety net, climate change, or green growth) that would allow the group to further develop and also solidify its status in the future. Also, in terms of building cooperative relations with the G-8 given that the two groups will coexist for some time, the G20 must consider various measures, including the possibility for inviting the G20

chair to the G-8 on a regular basis or convening a G8/G20 joint Sherpa meeting.

Third, considering that the G20's total members far exceed those of the G8, it would be difficult, in realistic terms, for the G20 to address the major global issues through close dialogue with leaders of nations as well as making good use of its status as an informal forum, which was often cited as the group's strength. Therefore, in order for the G20 to develop productive discussions in transparent manner and also be able to expand its tasks to include archiving or post-evaluation in addition to preparing for the upcoming meeting, it would be necessary to establish the permanent secretariat. To achieve low cost and high efficiency, a two track management approach can be considered which allocates various supporting tasks to the permanent organization which is to be established in a specific location while continuing to have the G20's Management Troika carry out the task of preparing for the meeting.

Finally, recognizing that Seoul summit in November will be an opportunity to test Korea's diplomatic capability, it is essential for the Korean government to thoroughly prepare itself for any issue that could arise. Another alternative that can be considered is to first determine the order of priority for issues requiring a mid-to long-term consideration and designate the so-called "Vision Group" (VG) which will deal with those issues, thereby launching a long-term development plan at the Seoul summit and continuing it well into the Mexico summit in 2012 when the results of the plan are expected to be reported.

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