

## **G20: Preparation for the Summit in Seoul**

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### A. G20: addressing the crisis through reforming global economic governance

#### 1. G20 first goal is short term, namely, to address the global economic crisis through:

- coordination of global macro-economic policies to address the crisis, by
  - fiscal stimulus;
  - expansionary monetary policy;
  - and preventing trade and investment protectionism.
  
- reforms the financial sector by
  - regulatory reform;
  - improving supervisory systems;
  - and bring back confidence through fund pooling, restructuring etc.
  
- reform the International Financial Institutions (IFIs) by
  - governance reform, through voting rights/quota reform (improving balance between developed and developing countries), management selection based on merits;
  - increase capital;
  - and provide more flexible facilities to support countries in crisis.

While some policies have been accepted and implemented, others are still tough to reach an agreement, such as on reform of governance of the IFI's.

2. Mid-term goals are to address other global economic issues:

- energy efficiency;
- food security;
- Doha Round of WTO;
- climate change;
- development issues;
- anti-corruption, etc.

Those issues have barely been proposed, but it may take time before the consolidation of the G20 will reach a level to be able to bring these important issues into the G20 program proper, however important they are.

3. Long-term goal is to establish a framework for strong, sustainable and balanced growth:

- address imbalances between trade surplus and deficit nations, between high and low saving nations;
- address high and non-sustainable sovereign debt;
- address currencies exchange rates imbalances.

Although meant to be for longterm goal, part of it already inserts itself into the G20 Seoul Summit, such as the imbalances between trade surplus and deficit nations, and the corresponding problem of currencies exchange rates imbalances.

B. Lessons learned from G20

1. G20 has played a significant role in addressing the economic crisis, but does not necessarily mean it should replace, but instead strengthen existing multilateral and international organizations and promote their respective agenda;
2. IFI reform's success suggests that global governance can be reformed if there is a strong political will of the world's leaders;

3. G20 has reflected a more balanced role and influence of the “Developed and Emerging Market Economies” compared to other organizations;
4. G20 is quite effective in coordinating global action against the economic crisis, but too early to say about other global issues;
5. While at the Toronto Summit some hopes have been raised that the world leaders are willing to reform many difficult issues (to be finalized or moved at the Seoul Summit), the currency issue has fouled the air and uncertainties are back.

### C. Challenges to East Asia

1. Asia, rightly so is well represented in the G20. This bigger “recognition” should be followed by bigger responsibility to contribute towards global agenda beyond the “regional comfort zone”.
2. Pre-requisites to achieve it: Asian economies should sustain high economic growth, political stability and closer regional integration;
3. Capacity of regional organizations will have to face challenges, because they also are expected to contribute and give feedback to G20. This includes PECC and APEC.
4. At the end, for G20 to be acceptable and supported, it should have a close relations with regional institutions for ideas and legitimacy;
5. That also means that PECC should be prepared to be able to give necessary ideas on behalf of the Asia Pacific (and East Asia), especially on the objectives/ programs in the medium- and long-term period and the immediate urgent problems such as the currency.