

October, 2014



Storyline

- Constraints on G20 Presidency
- Impressions of G20 Ineffectiveness
- Dysfunctional G20 process
- Improve G20 Process – Troika
 - Motivate China
 - “Non Secretariat”
 - Lock in Future Presidencies
 - Working Methods
 - Substantive Policy Options

Constraints on a G20 Host

Lack of Technical
Expertise in Leaders

Economic
Conditions

High
Expectations
& Media
Scrutiny

Complexity of
Topics

Lack of
Secretariat

Pressure from
International
Civil Society

Need for
Consensus

Cultural Approaches
(Decision Making)

Pressure from
Excluded Countries

Differences
in Policy

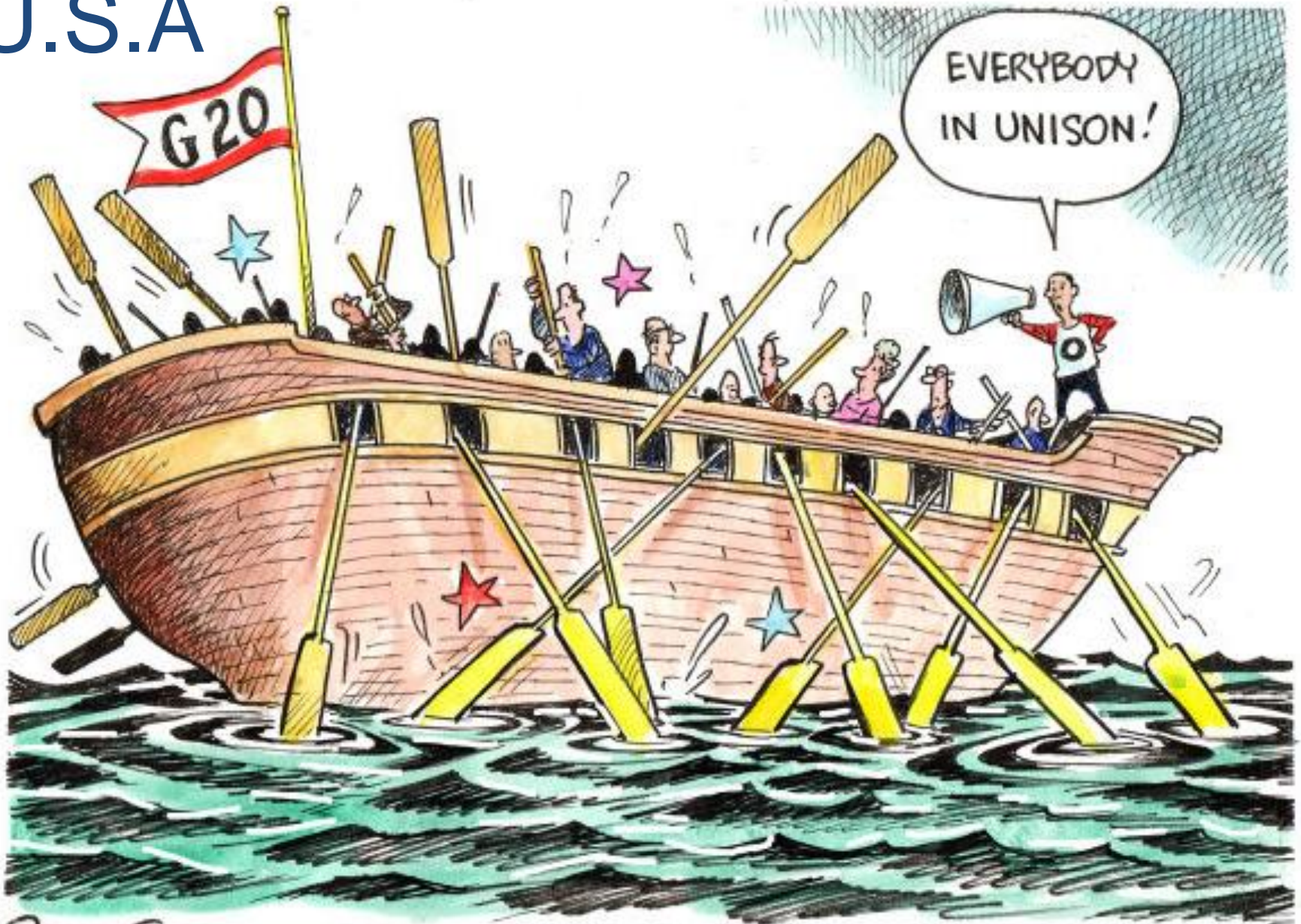
Shortage of
Preparation Time

Informality & Lack
of Compliance
Mechanisms

Past
Commitments

Shortage of
Meeting Time

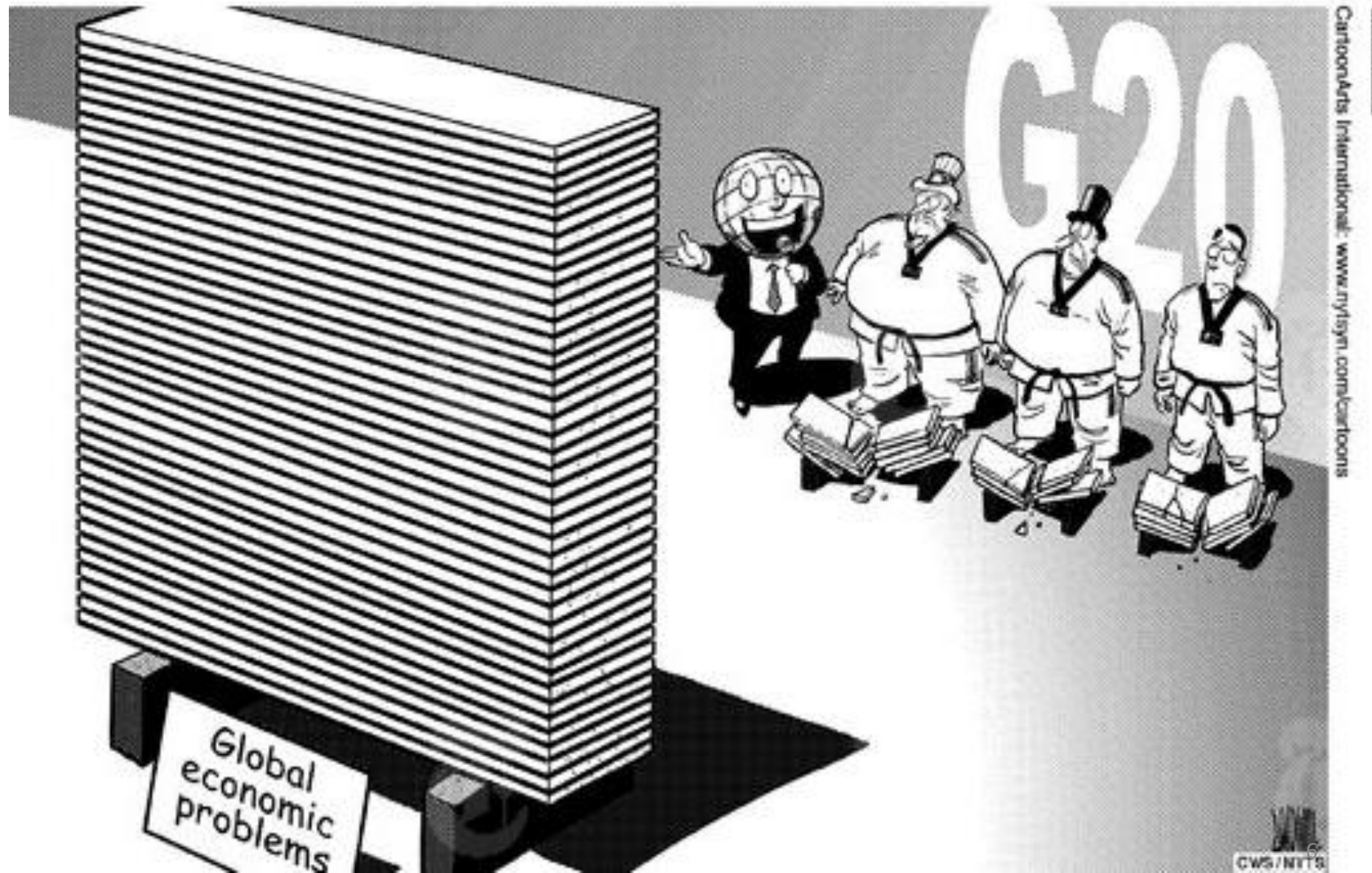
U.S.A



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China



India



...DOWN MEXICO WAY...





G20 SHERPA MEETING

22-24 JUNE 2014 | MELBOURNE, AUSTRALIA



Sherpa meeting May 11, 2013



Joint Sherpa/Finance Deputy Meeting



G20 Framework Working Group



Mexico: G20 Investment and Infrastructure Working Group



G20 Development Working Group



Invisible Pitfalls



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6-13

Larson

"You have to keep pushing...we are making progress"

G8 & G20 “Derailing” Events

- 1995 – Bosnia
- 2001 – Death of Protester, Carlo Giuliani
- 2005 – London Bombings
- 2009 – Violence in Xinjiang (China), L’Aquila Earthquake
- 2010 – Currency Wars
- 2011 – Eurozone crisis
- 2013 – Syria
- 2014 - ???



Preparatory Process Challenge


- Require continuity, institutional memory, and monitoring of commitments
- Work driven by capitals
- Antipathy for formal bureaucracy
- Need control by Leaders



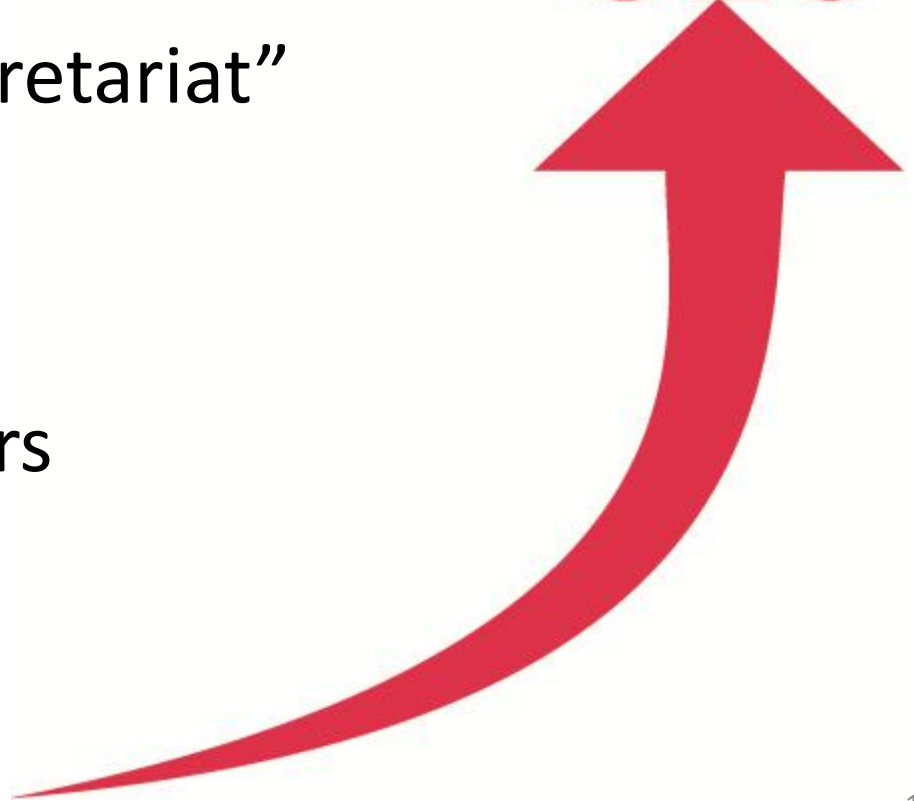
Future G20 Effectiveness Depends on Turkish & Chinese Leadership

- G20 record of the last four years is discouraging.
- Risk of evolving into irrelevance.
- No clear alternative for an effective global crisis management or economic steering committee.
- Hopeless stalemate in the American government & Europe's never ending Euro crisis.
- Travel light, be inclusive, but nimble.

Improving the G20 Process

1. Troika  “Quintet” / Bureau
2. Informal “Non-Secretariat”
3. Sherpa Process
4. Working practices
5. Lock in future chairs
6. Shrink the agenda

G20



Exploit the Troika (Cameron)

- Troika meets regularly. “....early on in each Presidency; after the first quarter; mid-year or ahead of the year’s penultimate Sherpa meeting; and shortly after each G20 summit.”
- Presidency appoints a senior official within the Troika to oversee engagement with the UN.
- Troika reviews G20 ministerial & working group arrangements on a regular basis to assess usefulness/continued relevance.
- Afford Turkey opportunity for influence beyond the 2015 presidency.



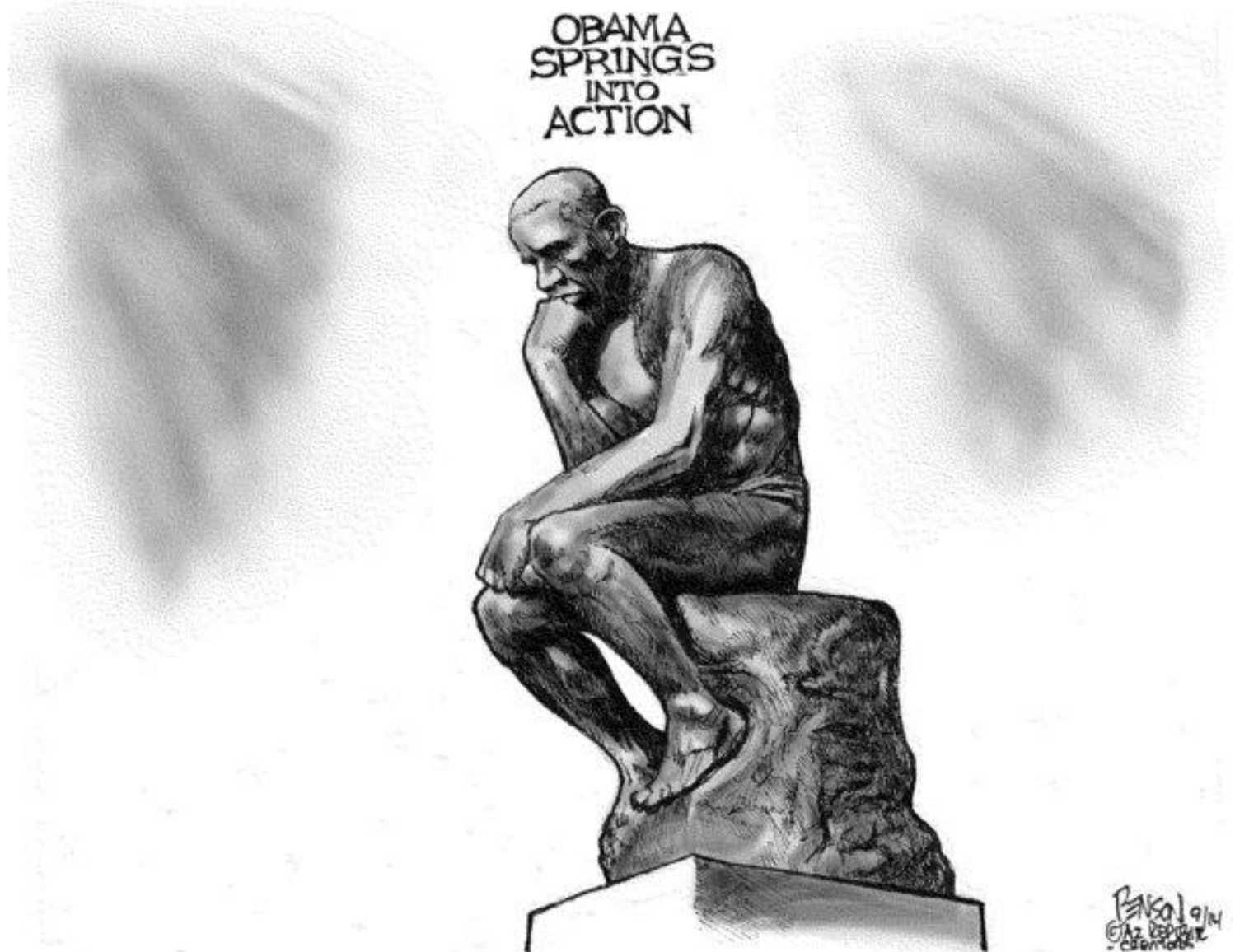
“Troika



Quintet”

- All members of the G20 are equal, but some are more equal others.
- Serious initiatives require China and US support.
- China and US permanent ex officio members of the Troika.
- Invite China and US to second senior officials to the Presidency Sherpa team.
- Borrow aspects of the OECD’s “bureau” practice.

Prospects for American Leadership



Prospects for Chinese Leadership

“Observe calmly,
Secure our position,
Cope with affairs calmly,
Hide our capacities & bide our time,
Be good at maintaining a low profile.
Never claim leadership.”

Deng Xiaoping

China's Interest – Economic Growth

Stable rules-based global market

- Satisfy growing demand for energy & raw materials; avoid conflict concerning emissions.
- Defend specific interests
 - international reserve currency,
 - better regulation of financial derivatives,
 - reform of international financial institutions, and
 - developed country agricultural subsidies.
- Peaceful resolution of international disputes re exploitation of undersea resources; remove uncertainty & stimulate investment.

“Non-Secretariat” (Cameron)

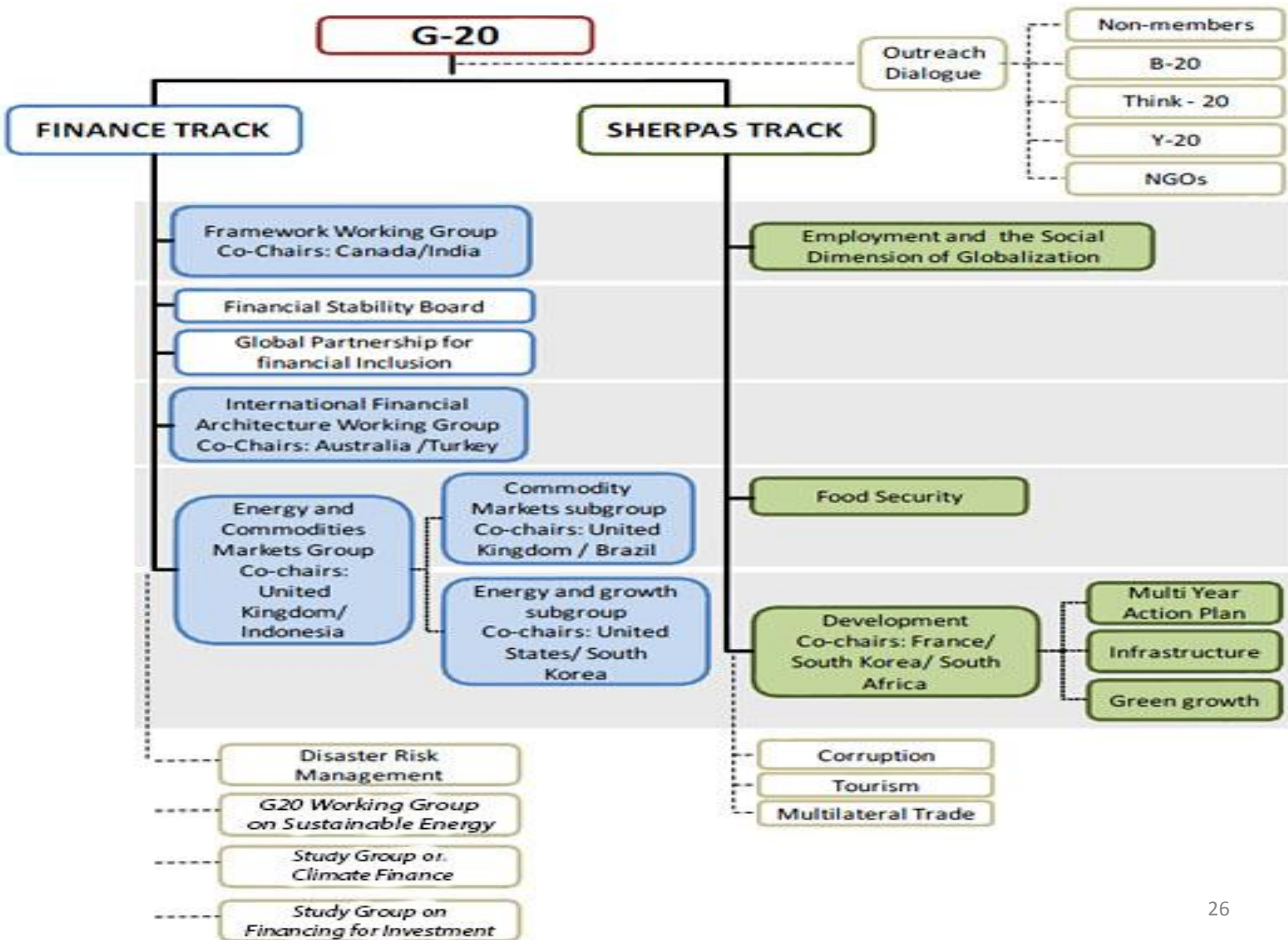
- A small Secretariat, staffed by seconded officials from G20 countries, based in and chaired by the Presidency.
- Staff drawn from Troika members and officials seconded from G20 members.

Rotate Secretariat location; staff by seconded officials from Troika

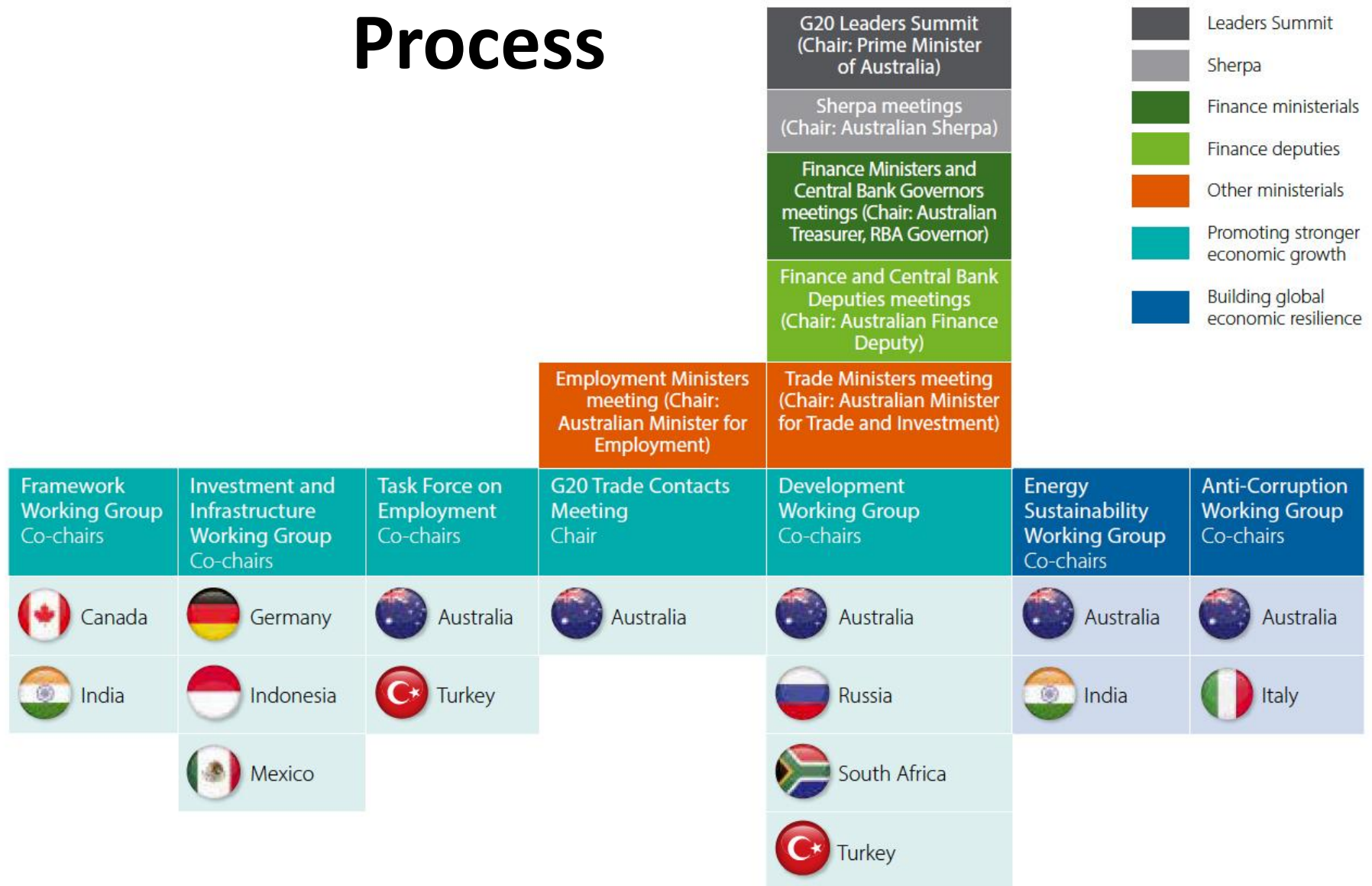


Control by leaders & informality





Australian Preparatory Process



Working Practices

- Organise meetings with external experts on key economic issues
- Set up subject-specific taskforces, limited to Presidency duration.
- Automatic sunset or review clauses for all ministerial and working group arrangements.
- Longer meeting times, smaller meeting groups
- Outsource accountability reporting
- Request report on 2014 achievements and areas for improvement.

Lock in Future Chairs



Group 1	Group 2	Group 3	Group 4	Group 5
Australia (2014)	India	Argentina	France (2011)	China (2016 - ?)
Canada (2008)	Russia (2013)	Brazil	Germany	Indonesia
Saudi Arabia	South Africa	Mexico (2012)	Italy	Japan
United States	Turkey (2015)	-	United Kingdom	South Korea (2010)

(2017?)



Shrink the Agenda

Priority #1: Back to Basics

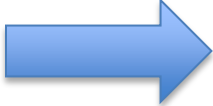


Maximum - three problems. For example:

1. Choreograph agreement on IMF strengthened role (and requisite resources) and effect a substantial Quota reform.
2. Give the Financial Stability Board adequate staff and resources.
3. Invest in the G20 Mutual Assessment Process; establish an independent office to review international impacts of domestic policies and to review national roadmaps for delivering G20 commitments.

Turkish Presidency Reforms

G20 Process

- Troika  non-secretariat 'bureau'
- Remove international organizations and other countries (e.g. Spain) from the G20 Sherpa process
- Finesse outreach demands.
- Require written justification for new proposals for agenda



Turkish G20 Presidency

Options for Substantive Initiatives

- Financial Stability Board -treaty-based with legal personality and financial autonomy
- Reinforce international economic system where weakest -- Shadow banking, & over-the- counter derivatives.
- Champion bottom-up climate initiatives : e.g. global R&D consortium -open source, patent-free;
- Focus on gap in global governance, internet governance or modernizing the *20 year old WTO*.
- *Impending train wreck* of the intergovernmental process to determine Post 2015 Development Goals to succeed the Millennium Development Goals.
- Refugees