

G20 Seoul Summit: Assessment and Future Prospects

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The G20 Seoul Summit, held on November 11-12, 2010, has resulted in a number of agreements on the following issues: existing legacy issues such as the G20 framework and the reform of the international financial institutions as well as reform in the financial system, fighting protectionism and promoting trade and investment; newly focused issues, including development assistance and global financial safety net; other issues such as energy, climate change, green growth, anti-corruption as well as the business summit.

Especially, with an aim to achieve strong, sustainable, and balanced growth of the global economy, the “Seoul Action Plan” was adopted, and the agreement was reached on the 6-percent shift of quota shares from over-represented to under-represented countries in the International Monetary Fund and also on a doubling of IMF members’ quotas. The Basel III, a revised version of existing rules on capital and liquidity, was also adopted at the Seoul Summit. On the other hand, as part of so-called “Korea Initiative”, the G20 leaders adopted the “Seoul Development Consensus for Shared Growth” “and the “Multi-Year Action Plan”, which had been developed for the purpose of narrowing the development gap between the developed and developing countries and also reducing poverty in developing countries.

• An Assessment of the G20 Seoul Summit

A number of challenges, such as fixing the trade imbalance problem, still remain for the G20 when taking into consideration the G20’s potential for continuous development. However, the fact that the G20 Seoul Summit attained the status of a “premier forum” for managing the global economic order as it had been declared at the Pittsburgh Summit back in 2009 and also succeeded in reconfirming the possibility of its expanding the roles lead to the conclusion that the G20 Seoul Summit, indeed, was an “unfinished success”. Also, for Korea, mature public awareness combined with the President’s leadership as well as contributions made by the people involved allowed the chair country to carry out the preparatory process for the summit in a remarkably safe and effective manner, which then led to arriving at the expected agreements. Korea, as a chair country, was also able to enhance its national image and elevate Korea’s status to that of a “rule-setter” in restructuring the global economic order. In this regard, it would not be an overstatement to describe Korea’s performance during the G20 Seoul Summit as a “historic achievement”.

• Global Political Economic Achievements

The G20 Seoul Summit successfully couched the problems arising from individual countries’ exchange rate adjustment within the global imbalance issue, thereby producing a “ceasefire” in the currency war as well as initiating discussions on an ultimate “peace treaty”. Thereby, the G20 Seoul Summit made a significant contribution to maintaining a driving force for international cooperation. The task remains for the G20 to add specificity to the future agreements on the several G20

agendas and also to actually implement those agreed measures. However, considering that both legacy issues and newly focused issues have been concluded without major dispute, the G20 took a major step forward in its development by reconfirming its usefulness as a cooperative mechanism as well as confirming its potential for future development. The G20 Seoul Summit received a positive assessment in that it succeeded in effectively carrying out the outreach activities by gathering/incorporating the opinions of non-member countries during the preparatory process as well as holding the Business Summit at the G20 Seoul Summit. Such activities are expected to develop into a more systemized form in the future and ultimately institutionalized to become part of the G20 process. However, it has been noted with regret that tangible outcomes have not been achieved in the areas that have direct relevance to the G20's future development, including the G20's institutionalization issues (i.e. establishment of a Secretariat).

• Future Prospects

Changing global political and economic influence, namely power shift from developed to newly emerging countries, has been observed in the G20 Seoul Summit, and it is expected that such situational change will inevitably call on the G20 to carry out restructuring of the global political and economic order, which up until now was based on the existing distribution of power. Therefore, the G20 will be required to accelerate the process of building a new global governance framework in its capacity as a mechanism responsible for managing the global economic order. In the midst of such situational change, the G20, as a so-called "hub of network", is currently working on expanding its roles as a permanent mechanism by fully utilizing the international financial organizations, such as the IMF. Similarly, a "power shift", which was crystallized at the G20 Seoul Summit, will lead to strengthening the G20's efforts made at the multilateral level to further solidify its relationships with the GX system or various international organizations, including the UN.

The G20 Seoul Summit was successful in preventing the countries from engaging in sharp disputes with each other by addressing the exchange-rate issues in a more comprehensive context. And that is, the exchange rate-related issues were treated as the global imbalance problem at the G20 Seoul Summit, thereby calling for greater international cooperation to resolve these issues at the global level. However, at the basis of the global imbalance problem lies another problem related to the international currency, including a key currency issue. France has explicitly stated at the Seoul Summit that it would raise the international currency-related issues as the main agenda in 2011 when the country hosts the next G20 Summit. Therefore, it is now expected that the international currency-related issues will be given the highest priority in the next G20 Summit. However, it should be noted that the key currency issue could act as an obstacle to the G20's development given its direct relevance to the U.S. global political and economic status.

President Nicolas Sarkozy of France, in capacity as the next Chair country of the G20, stated at the 18th Annual Ambassadors' Conference held in August that the group should consider creating a G20 Secretariat. Therefore, it appears that the issues related to the G20's institutional improvement, including the establishment of a Secretariat, are likely to be dealt with as an official agenda in the process of preparing for the 2011 G20 Summit.