

Prospects for the G20's Brisbane Summit 2014

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Introduction

a. The Significance of the Brisbane Summit

In November 2014, the leaders of the Group of Twenty (G20) systemically significant states will gather in Brisbane, Australia, for their ninth summit in six years. The Brisbane Summit promises to be a particularly significant event in several ways. Institutionally, it confirms the equality in hosting between the G20's big established Group of Eight (G8) members and its other ones, with the United States hosting the first summit in Washington DC in November 2008 and at Pittsburgh in September 2009, Britain at London in April 2009, Canada in Toronto in June 2010, Korea in Seoul in November 2012, France in Cannes in November 2011, Mexico in Los Cabos in June 2012, and Russia in St. Petersburg in September 2013. As the second summit in Asia, and as the first followed by a second Asian-hosted summit in 2016, Brisbane will show the shift in political as well as economic power from an Atlantic to an Asian-centred world. It further confirms the G20 preference for choosing its non-G8 hosts from among the democratic members of the club, from those that are members of the Organisation for Economic Co-operation and Development (OECD) and from those with sound economies and financial systems that made them producers rather than consumers of economic and financial security throughout the great Atlantic-turned-global crisis from 2008 to 2010. Australia also held this status during the Asian-turned-global financial crises of 1994-99 that catalyzed the G20's creation in 1999 as a forum of finance ministers and central bank governors. Along with Canada, it is the only G20 summit host that has been a bastion of financial stability in both crises and that brings to its hosting the experience of having hosted a G20 ministerial, as Australia did in Melbourne in November 2006.

In the policy challenges it faces, the Brisbane Summit comes at a particularly significant time. The global economy will still be struggling with the economic, social and political problems bred by slow growth, and growing deficits, debts and inequality in the U.S., Europe, Japan and elsewhere. Volatile commodity prices and another financial or sovereign debt crisis potentially add to the mix. Several global deadlines will be looming, notably ensuring the completion and replacement of the Millennium Development Goals (MDGs) in 2015 and defining a new regime to control climate change. Brisbane is due to deliver several G20 deadlines, starting with the "Toronto terms" for medium-term fiscal consolidation and the Seoul commitment for the next stage of quota share reform at the International Monetary Fund (IMF). It will also need to address the G20 summit's ever broadening built-in agenda, which now consists of macroeconomic policy, domestic financial regulation, microeconomic structural reform and employment, trade and investment, reform of the international financial institutions (IFIs), development, climate change, energy, corruption, terrorism and tax havens, and other issues in

the political-security realm. If this is not enough, Australia will have the opportunity to add new priorities of its own, as it did in 2006.

b. The Debate Among Competing Schools of Thought

In the face of these formidable challenges, many doubt that the G20 can deliver. Indeed, few think that the G20 has been a centre of global governance that is growing in its effectiveness, since its leaders proclaimed at Pittsburgh that it would henceforth be the permanent premier forum for their international economic co-operation. Indeed, the dominant school of “post-crisis declinists” argues that after a strong start fuelled by the unprecedented financial and economic crisis in 2008-09, the G20’s ambitions and performance have declined (Angeloni 2011; Wahl 2012). As these declinists do not predict another crisis of same dimensions or declare one likely to revive the G20 to its initial vigour, they imply that Brisbane will be a poorly performing summit, marking a new low on the path of decline.

A second school sees “selective success” with the greatest disappointments and thus failures appearing in those issue areas on, or even off, the G20 agenda that the analysts regard as the most important for the body, for the world or for the country and region from which the analyst comes. Here the favourite focus is on the Framework for Strong, Sustainable and Balanced Growth and its accompanying Mutual Assessment Process (MAP), which have demonstrably not yet bought the world back to the heady growth of decades past. The G20’s failure to solve the now chronic but still regional Euro-crisis is a strong second candidate in this regard.

A third school sees “growing global governance” based on the G20’s unique status as the hub of a global network appropriate for governing a newly globalized world (Kirton 2012a, 2012b, 2013). It argues that the G20 summit has continually grown in its institutional structure, with bigger, broader, bolder ambitions and achievements as the hub of a global governance network. It implies that Brisbane is likely to be a strong success.

c. The Argument of the Brisbane Summit’s Success

What are the actual prospects for the policy performance of the Brisbane Summit? At present, two years before the event, it is difficult to estimate with strong confidence, for much could happen between now and then. But there are already good grounds to think that the prospects are promising and that the Brisbane Summit could well be a strong success. By November 2014 there will be a great demand for global governance of the sort that only the G20 can provide. And the G20 Brisbane Summit is likely to meet the need, given the likely shocks and vulnerabilities arising at the time, the increasing institutionalization of the G20 as a club at the hub of a global governance network and the proven performance in the G20 of its Australian host.

1. The G20 Summit’s Growing Performance

The promising prospects for the Brisbane Summit flow first from the strengthening performance of the G20 summit as the central institution of global economic governance, since the summit’s start in the crisis-ridden world of November 2008.

A close examination of the G20 summit's record on the basic dimensions of global governance shows an institution on the rise rather than decline (Kirton 2012a, 2012b). Its value for domestic political management has remained high. Its leaders almost always arrive and take home more cherished compliments from their colleagues in the concluding declarations. Its deliberations have expanded in the length and breadth of the private discussions and public communiqués. Its agenda has expanded from core finance and economic issues to embrace development, climate and energy, food and agriculture, and disaster relief, along with the political-security issues of terrorist finance, money laundering, tax havens, corruption and the nuclear program in Iran. In its principled direction setting, it has increasingly affirmed basic democratic values. It has done so despite the presence of still non-democratic China and Saudi Arabia as members of the group. In its decision making, the number of specific, future-oriented, politically binding decisions has expanded, from 95 at its first summit in Washington to 180 at its latest in Los Cabos, Mexico, in 2012. And in its development of global governance, it alone has raised the resources and reformed the voting shares at the IMF, bolstered the capital of the international development banks and created the Financial Stability Board (FSB). Inside the G20 summit, it has increasingly involved the multilateral organizations that belong to all, increased the number and breadth of regional institutions, countries invited as participating guests, and brought in civil society through the key components of legislators, business, labour, youth, young entrepreneurs and think tanks, if not yet academics.

In its evolution, three shortcomings stand out. The first is the potential return of global financial economic crisis, with the continuing Euro-crisis now joined by the severe fiscal challenges and divided government in Europe, the U.S. and Japan and major emerging markets showing slower growth and increasing internal strains. For a G20 that has moved from crisis response through massive fiscal and monetary stimulus to crisis prevention through painful fiscal austerity and deep structural reform, the core challenge for the Brisbane Summit could be greater than ever before.

The second shortcoming is the decline in the frequency with which G20 summits are held. The leaders met twice a year at the start but after 2010 dropped to once a year, with the 15-month gap between Los Cabos on St. Petersburg in September 2013 being the longest yet. Brisbane will have to repair the damage that has accumulated over the 14 months though to November 2014, on the great global challenges that only they can solve. If things start to unravel and erupt before that, Australia might even have to call an emergency summit beforehand, and hope that the host site has been well prepared in advance.

The third challenge is to increase popular understanding of, and participation in, an international institution that has become so central to how the world is governed now. Such informed consent from the public is important for the G20's effectiveness in its direction setting, decision making and delivery dimensions, and in its legitimacy, especially in the democratic polities that dominate the group (Kane and Patapan 2012). The leaders' promise at their Seoul Summit to work more closely with academics remains unfulfilled. The Russian hosts in 2013 seem prepared to dispense with the Labour 20 (L20) and have the leaders meet alone with no civil society representatives nearby. And there are several key components of civil society, starting with women that have yet to find a place (Kulik 2012). Among the G20 countries, Australia is well

placed to mobilize the contribution of academics, labour and women to help the G20 meet the global challenges it confronts.

2. Australia's Contribution to G20 Governance, 1999-2012

In confronting the global challenges that the Brisbane Summit will have to meet, Australia brings considerable experience in making the G20 work, in particular ways, for Australia and the world since the group's start as a forum of finance ministers and central bank governors in 1999.

a. The Early Years

Although Australia was not on everyone's list to be a member of the G20 at the start, it was easily chosen by U.S. treasury secretary Larry Summers and Canadian finance minister Paul Martin when they drew up the definitive list in the spring of 1999. Australia was a systemically significant country that had been close to the 1997-99 Asian financial crisis that had catalyzed the G20's birth, and a core country in the Asia-Pacific Economic Cooperation (APEC) forum that served as the initial nest for the G20's predecessor, the American-crafted G22. Australia was a member of the latter and of the G20's twin, the Financial Stability Forum (FSF). Indeed, Australia was the only non-member of the G8 to be admitted to both the FSF and the G20. It also had recognized analytical capacity and experience in the Commonwealth, as a colleague of Canada, Britain, India and South Africa there. It actively pushed for its inclusion in the G20 and easily met with success, without making any concessions on its part.

At the birth of the G20, Australia's membership gave it a seat at the top-tier global table for economics and finance from the start. This was a place it had not enjoyed in the long central, previously unchallenged G7 finance forum. In the group Australia was initially aligned most frequently with Canada and Britain, above all in trying to make the G20 work, whereas the U.S. was wary of any competitor to the IMF, which it controlled, and Britain's Gordon Brown was wedded to the new International Monetary and Finance Committee, which he chaired. At the G20's second meeting, in Montreal in 2000, Australian treasurer Peter Costello joined Canadian finance minister Paul Martin in arguing that many countries had lived through the transition from closed to open economies and the structural adjustments that were necessary in a globalizing world. Yet Australia soon began to demonstrate its commitment to the forum and establish a distinctive identity, by hosting a workshop on globalization, living standards and inequality in Sydney on May 27-28, 2002, during India's year as chair. It subsequently argued that countries needed to have deep markets in domestic currency debt. During China's year as chair in 2005, as part of the now established guiding troika of past, present and future chairs, Australia hosted a workshop on demographics, focused on the role of migration in dealing with aging populations. In 2005 it promised to raise employment and productivity, as part of the country-specific growth commitments that the members made. Australia's commitment and contribution were further enhanced by Costello's presence at all the annual meetings, one of the few founding fathers who attended regularly.

Costello was an immediate strong supporter of the campaign of 2004-05 campaign of Paul Martin, by then Canadian prime minister, to elevate the G20 into a leaders-level forum. Costello felt that "it is very hard to discuss economic co-ordination without having China at the table," which is what the G8 largely failed to do. He also felt that that G20 had been formed because the

IMF had failed to respond adequately to the Asian crisis, that the IMF was still overlooking Asia and missing warning signs from the region, and that a G20 leaders' meeting was required as a result.

b. The Melbourne Ministerial, 2006

The ministerial meeting that Australia hosted in Melbourne in 2006 offers several instructive parallels with the Brisbane Summit it will host in 2014. Both marked a mature phase in the institution, with Melbourne being the eighth ministerial and Brisbane the ninth summit. Both were events where finance issues and ministries were central. A key figure in designing and delivering both was Gordon de Brouwer, who serves as host sherpa for the Brisbane Summit. And both meetings were held in tight tandem with Putin's Russians, who hosted the G8 summit in St. Petersburg in 2006, and will host the G8 summit in 2014, right after hosting the G20 summit in St. Petersburg in 2013. And Australia was chosen to host Melbourne two years before the meeting, and chosen to host Brisbane with a similarly long lead-up time.

For Melbourne, Australia inherited from China a built-in agenda, including a growth framework for macroeconomic policy co-ordination, the first stage of IMF quota reform and development. Yet it added its own priorities of energy and minerals, climate change and strengthening the G20. Starting its preparations in November 2004, Australia organized a study group on demographic change and labour mobility (G20 2008). Its three objectives for Melbourne were addressing global economic issues to support sustainable development, institutionalizing the G20 as a global economic forum and enhancing Australia's international reputation (de Brouwer and Yeaman 2007). By the start of 2006, Australia had begun to outline the specifics of its agenda. It sought to integrate development more comprehensively into the agenda. It identified five issues; IMF representation to enhance the Asian voice; the world economy; demographic change, enriched by a workshop in Sydney on financial markets and demographic change; energy and minerals, as both producers and consumers were members; and development aid and its effectiveness.

At Melbourne IMF reform and energy took centre stage, with climate change considered in the context of energy security. The most significant achievement was on IMF reform, with an agreement on a two-stage approach to give China, Korea, Turkey and Mexico a greater share in the first stage. Here Australia and its fellow middle powers helped broker a deal between the big country blocs that had eluded the IMF itself.

On energy and minerals, all G20 members, including Saudi Arabia, endorsed the principles of international policy frameworks and actions, well-functioning markets, clear price signals, open trade and investment, market transparency, good governance, effective competition among firms, investment in new supply, efficiencies and new technologies, the use of alternative and renewable energy resources and knowledge and resources flowing across borders (G20 Finance 2006). The work that was started on commodity cycles, sovereign wealth funds and hedging was continued by South Africa as host next year. On the issue of climate change it proved difficult to move into the decisional domain.

On demographic change Costello asked his colleagues to explore the implications of demographic change and an aging population on the movement of labour, capital flows, trade

balances and exchange rates. An institutional advance came with the drafting of a G20 policy manual to guide future chairs.

Melbourne also moved the G20 more deeply into the political security domain, beyond its longstanding concern with terrorist finance. Although not mentioned in the communiqué, participants condemned North Korea for its nuclear test on October 9, 2006. More broadly, Melbourne's communiqué encoded references to democratic values soared to an historic high.

c. G20 Summitry Since 2008

When the global financial crisis erupted in September 2008, Australia was an immediate, influential and successful advocate of having the G20 leap to the leaders' level in response. With France's Nicolas Sarkozy calling for a G14 summit, and America's George Bush and Japan instinctively favouring a G8 one, Australia's Kevin Rudd led the leaders' level campaign for a G20 response. He felt that anything less would inevitably become a divisive G8 versus G5 discussion and that the G20 was an established, regionally balanced forum that had worked. He got up in the middle of the night to phone his fellow leaders, and securing early support from Britain, China and Germany, with his view ultimately prevailing first with Bush and then with the rest. Rudd also argued that the summit should have a broad agenda, not just financial regulation and fiscal stimulus to respond to the immediate crisis but also the long-term generators of economic growth for the post-crisis phase that he sought. Along with Germany and the World Bank, Rudd suggested that trade and development be added to the agenda too. He also sought a meeting, when he was in Washington for the summit, with President Elect Barack Obama, to help bond him to the G20 summit that the outgoing president Bush had called.

At Washington, Rudd joined with his colleagues from the United States, United Kingdom, Germany and China to stress to more complacency colleagues the seriousness and urgency of the crisis that they faced. He joined the Europeans in arguing that the root cause of the crisis lay in deregulation and unchecked speculations, in contrast to Bush's defence of free market capitalism. Australia succeeded in getting a second summit, within a short four and a half months, and one chaired by Rudd's Labour soul mate, Gordon Brown.

In April 2009, Rudd joined Brown on the eve of the London Summit to speak at St. Paul's Cathedral, arguing for stronger ethics in the global economy and for meeting the needs of the poor by reaching the MDGs. This was an effort to assure publics that G20 governance was not just for financial stability for the rich financiers but for everyone, including the poor. At the summit itself, Rudd joined those who felt that tax havens, a passion of Sarkozy's, were essential irrelevant as a cause or cure of the crisis at hand.

Rudd's greatest accomplishment at London was securing a three-year hosting sequence for future summits that would render the G20 summit permanent and have it chaired by committed hosts. Fearing that Britain had promised the next hosting to Japan in Asia, that Obama had done a deal with Korea and that the G8 would be hosted by a reserved Canada and France in 2010 and 2011, Rudd arranged for Australia to be invited to be the next host, and the majority of G20 sherpas had agreed. But once he learned that France was strongly opposed, and because he wanted to make sure the incoming U.S. president was committed to the G20, Rudd secured a three-year

agreement, with hosting going next to Obama, then Canada's Stephen Harper, followed by Korea's Lee Myung-bak.

At Pittsburgh in September 2009, Rudd became active on climate change. When Sarkozy proposed a special G20 summit on the subject, Mexico's Felipe Calderon suggested a video-conference instead. Rudd subsequently met with Calderon and Obama to see how the United Nations climate change negotiations could be saved.

In the lead-up to the Toronto Summit in June 2010, Rudd insisted, unsuccessfully, along with China and Brazil that the G20 summit should be held before the G8 one, rather than the G8-first order that the Canadians had proposed. Australia also indicated an interest in hosting by 2014 or 2015. Canada as host sought to include Australia in the group of "advanced countries" that would be asked to adopt numerical targets for fiscal consolidation by 2013 and 2016.

On the Thursday before the Saturday evening of the summit's start, Rudd was ousted as prime minister by his governing Labour Party. Julia Gillard took his place. She stayed at home, sending in her place Wayne Swan, her new deputy prime minister and Australia's former treasury secretary. Australia's influence at the summit suffered as a result. Swan intervened on Australia's usual topics of banks and trade, which played to the country's strong suits. Australia aligned with Canada and the other non-G7 members to defeat a European initiative, now supported by the U.S., for a global bank tax.

At Seoul, Cannes and Los Cabos, Australia saw several of its key preferences prevail. These were led by Seoul's agreement on the second stage of IMF quota reform and Basel III banking standards. Subsequently, Australia joined with the other non-European members to press the Europeans to deal with their regional financial and economic crisis decisively before it became a global one.

d. Australia's Compliance Performance

A further sign of Brisbane's promising prospects is Australia's strong record of compliance with the G20 summit's priority commitments since 2008 (see Appendix A). On the 87 commitments assessed for members' compliance by the G20 Research Group, Australia's average compliance score is 80% (or a scientific score of +0.60 on a scale of +1 for full compliance, 0 for incomplete compliance or work in progress, and -1 for non-compliance), well above the G20's overall average of 70% (+0.40). In its compliance Australia ranks fifth, following the UK at 89% (+0.78), Germany and France at 82% each (+0.64) and the European Union at 81% (+0.61), and tied with Canada. Australia has been a consistently high complier, as its score has exceeded that of the G20 average at each of the six summits that can be assessed to date. The compliance of the summit overall and that of Australia has been on the rise since the Toronto Summit in 2010.

An examination of Australia's compliance by the main issue areas suggests where Australia is most dedicated to making the G20 work. Australia's compliance is highest on IFI reform at 100%, macroeconomic policy at 95%, financial regulation at 88%, energy at 85%, and trade and food/agriculture at 83%. It does less well on development at 77%, climate change at 75% and corruption at 63%. It thus performs very highly on the summit's classic, core economic agenda, with energy added to this list. It is a pattern that well matches the Russian presidency's priorities

for 2013, and makes the Russian determination to use the hosting troika easier for Australia to get a fast start on its preferred agenda for 2014.

3. G20 and Global Deadlines for 2014

In constructing its agenda and determining its level of ambition for Brisbane, Australia and its G20 colleagues will be bound by the built-in deadlines already set by both the G20 and the UN system and global community as a whole.

a. G20 Deadlines Due by 2014 and Beyond

In the case of the G20 there are several existing deadlines due for delivery in 2014, others for 2013 that are unlikely to be met, and those for the post-2014 period that the G20 will need to work on in Australia's year as host (see Appendix B).

b. Global Deadlines Due by 2014 and Beyond

In the broader global community, several additional deadlines are due in 2014. The first is the MDGs, which a UN summit agreed in 2000 would be delivered by 2015. The MDGs have been repeatedly endorsed by the G20, but several, such as that on maternal health, are unlikely to be met. The Brisbane Summit will have to provide a last push for their delivery within the year leading up to likely UN summit in September 2015. It could well also have to shape the MDGs successor, including the thrust from the Rio+20 Summit in June 2012 to focus on the follow-up on sustainable development goals.

A second of related set of deadlines concerns climate change. Here the most recent conference of the parties (COP) and meeting of the parties (MOP) to the Kyoto protocol agreed that a new control regime would be defined by 2016. With the failure of Rio+20 and successive COP/MOPs to make progress in shaping such a regime, it may well be up to the G20's Brisbane Summit to provide the needed political push at the highest level. The new emphasis at the Rio+20 Summit on the concept of green growth, as distinct from the previous framework of sustainable development, makes it easier for the G20 summit to take up this task.

4. The Perspective of the St. Petersburg Platform

The prospects for the Brisbane Summit will be shaped further by the policy priorities that Russia identifies for the summit it will host in 2013. This includes the built-in agenda, that is, the major pillars of the G20's work that had produced results in the past, as well as the new priorities that the Russian presidency would add. As of mid November 2012, these are growth, employment and investment; financial regulation; IFI reform; trade; development; corruption; energy; climate change; and investment, sources of growth and sovereign debt.

Growth, Employment and Investment

The first pillar for St. Petersburg is growth, employment and investment. These issues would be at the core of the agenda for 2013 and would remain there for years to come.

The Framework for Strong, Sustainable and Balanced Growth has been a very important creation of the G20. But the G20 now needs to think of strengthening it, and extending it to structural reforms to be implemented in the member countries.

A second issue is fiscal imbalances and government debts. These issues have already been discussed in the context of emerging countries. Now they need to be discussed in the context of advanced countries. This is difficult, as advanced countries do not want to receive recommendations from others. But Russia feels that the G20 should start providing such recommendations based on the record of the last 20 years, even if they might not be listened to.

Financial Regulation

The second pillar for St. Petersburg is financial regulatory reform. Traditionally, this discussion has been inspired by events in the U.S. and then in Europe. Less attention has been given to the problems of the emerging markets. Russia sought to think of this latter area.

Another important part of financial regulation that seems not to be working was co-operation among regulators. The Russian presidency seeks to make this stronger, which would be important for financial reforms.

On global imbalances, one of the theories was based on financial imbalances and global savings imbalances. As a result of the overdevelopment or improper development of finance in some countries and significant underdevelopment in other countries, savings tended to move from emerging countries to developed countries for reasons related to risk aversion and the stability of savings. As a result, some predict that global turbulence would continue until the G20 rebalanced the financial world. However, this issue has not yet been addressed by the G20. Political cycles — especially in China — affect the outcomes on imbalances. Because China appears to be making good progress, with a new leader with a clear vision, Russia is confident that in ten years there would be a different China.

Reform of International Financial Institutions

The third pillar, and an important one, is finalizing the agreement on IMF quotas. The G20 had agreed that this would be completed before the end of 2014. That will not happen. The G20 will thus have to address this at St. Petersburg in 2013. Russia will have a tough time to find a compromise. It cannot predict whether the situation in Europe will affect the mood around the table to contribute to a compromise or it will impede one, as Europe will be unprepared to make hard decisions. Nonetheless the Russian presidency will have to complete this work.

Trade

The fourth St. Petersburg pillar is trade. It was very back in 2008 that the leaders promised to renounce protectionist policies and not return to the 1930s, when trade wars had led to a continuation of the Great Depression. But that G20 statement on protectionism now continues from one summit to another. The G20 needs to consider the issue from a different perspective and find a new or elaborated agenda, with precise ideas about what could be done by this particular set of countries.

On the Doha round of trade negotiations, Russia had not been present for those discussions as it was not a member of the World Trade Organization (WTO). Russia can now start participating. It prefers to seek a new approach rather than trying to complete Doha, given that it sees no possibility of completing the round.

Development

The fifth pillar, a very important one, is development. Russia seeks a specific role for the G20 as one of several global organizations that deals with development. It intends to examine the G20's role in the overall process for UN, the IMF, the World Bank, the G8 and the whole set of development institutions. G20 can draw on the experience of emerging countries that have been very successful in economic development and that are now members. This contribution could be used to shape G20 policies on development.

Corruption

The sixth pillar is corruption, an area that involves many international organizations. The G20 needs to think of the particular role that the G20 could play, perhaps in setting standards in fighting corruption.

Energy

The Russian presidency's particular priorities focus on energy security, as was the case when Russia and Putin hosted the G8 summit in St. Petersburg in 2006. As oil and gas production provide one half of the Russian government's budget revenues, it is understandably a key concern. Putin is regarded as an expert on energy.

On energy, the first component is market trends. Demand will go down or stagnate, or perhaps demand — particularly from the Asia — will continue its upward trend. Under the Russian presidency, the G20 energy ministers will meet in 2013. There are several more informal forums, including the World Economic Forum, and other occasions when producers and consumers could discuss and sometimes coordinate positions. For Russia, the most important thing, and the minimum it could do, is to understand national policies and medium-term prospects for what countries intend to do — stimulate or de-stimulate the energy mix or energy supply. The G20 needs to develop a broad vision of how the energy market can go forward and how national governments will behave during these circumstances. Currently, the signals differ over time, even from one single country, making it difficult to formulate energy policies. Russia finds it difficult to argue for any real binding commitments on energy policies, especially as Canada and some other partners are strongly opposed. Because it cannot insist on committing the G20 to any really binding promises, it intends to produce non-binding but clear statements that indicate how national governments could work in the future.

Another component is energy efficiency. The energy mix was changing around the world, with the development of shale gas and the reduction of nuclear energy, particularly in Europe and Japan. Coal is being shipped from the U.S. to Europe. Russia has a stable supply. Europe is starting to increase supplies to Asia. All these competing trends lead to uncertainties, even in the short run. With the prevailing situation in the Middle East, in the medium term those uncertainties will have an impact on oil prices, energy prices and commodities. Some believe prices would go up; some say they would stay the same; and others believe that prices would go

down, which is more comfortable for biggest consumers. There are different scenarios for growth and investments in the energy sector.

On fossil fuel subsidies, Russia believes the G20 has made great progress, both in Russia and around the world. Without the G20 commitments, progress would be much slower. The Russian presidency wants a comprehensive approach, including on energy security. But unfortunately it does not think its partners do. Energy was part of energy security. All countries should participate in the solution, not just the EU, the BRICS countries of Brazil, Russia, India, China and South Africa, and the U.S., Japan and Canada. Russia will not take action in the smaller G20 circle without also acting in other circles.

Climate Change

For the Russian presidency, it will be the same on the Kyoto protocol. While wanting to return to the finance and economic core of the G20 agenda, climate change will remain on the St. Petersburg agenda, as will food security.

Investment, Sources of Growth and Sovereign Debt

In addition to the built-in issues of growth in the world economy, the framework, international financial architecture and green growth, Russia's presidential priorities include investment and its sources, sources of economic growth amidst turbulent world economy and the management of state debt, updating recommendations developed by the IMF and the World Bank 10 years ago.

5. Australia's Plans for 2014

a. Australia's Initial Vision

In keeping with Australia's longstanding commitment to the G20, Prime Minister Julia Gillard developed and publicly announced Australia's priorities for the Brisbane Summit at an unusually early stage. In the lead-up to the Los Cabos Summit, she set forth Australia's vision of a G20 summit focused on "global economic and financial prosperity that improves people's living standards," building on the G20's proven effectiveness and the critical reforms it needed to make (Gillard 2012). The latter focused on the interdependent challenges of "sustainable government finances, a strong global financial system and deeper structural reforms by all the world's big economies" with priority given to structural reforms in "product and services markets, labour markets, taxation, or skills and education" to support growth and jobs. She added as a priority open trade to increase income, skills and "people's dignity, health and quality of life" and development, including food security, economic resilience, remittances, private investment in agriculture through the AgResults initiative and the MDGs.

The G20 institution was seen as a "responsive, leader-led forum unfettered by bureaucratic trappings with an agenda unfettered by bureaucratic trappings but exercised in the interests of all." G20 leaders must better "explain these reforms to our people in a meaningful way" and "hold each other accountable." With its tight focus on "the big financial and economic issues of the day" Australia would work with the troika, and enhance G20 engagement with "non-G20 members, particularly those in the Asia-Pacific region."

b. Australia's Finance Minister's Priorities

This vision was reinforced by Australian treasurer Wayne Swan's approach to the G20 finance ministers and central bank governors meeting in Mexico City in early November 2012. Swan was one of the finance ministers who attended, while others, such as U.S. treasury secretary Tim Geithner, stayed at home.

Swan's focus was on the need for urgent action on the U.S. fiscal cliff, the European debt crisis, Japan's deficit and debt burden, and China's need to rebalance its economy from exports to domestic consumption. Yet he was equally insistent on the need for structural reform in labour markets and in skills and training in education. He argued that these were sources of economic growth in the long term.

c. Australia's Policy Plans for Brisbane 2014

As of mid November 2012, Australia's plans for its policy agenda have been firming up, even if much depends on what the Russians do in 2013 and what Australian voters do in their general elections due that year.

Australia seeks a back-to-basics summit with economics at the core. The Framework for Strong, Sustainable and Balanced Growth will be the focus — and, indeed, the organizing principle for all else, if the Treasury Department had its way. The key concern with the framework was accountability, specifically how to make members live up to the commitments they make, including those at Los Cabos.

Macroeconomic policy in the form of fiscal consolidation is loosely related concern. With the Brisbane Summit coming one year after Toronto's 2013 due date for advanced members to halve their fiscal deficits as a percentage of GDP, it will have to ensure that this is done, despite the inevitable slippage.

A related concern is sovereign debt management, two years before the 2016 Toronto target for advanced countries to halt the increase in their debt as a percentage of GDP. As of late 2012, the Australian Treasury is already focused on the prospect of sovereign debt restructuring and defaults for advanced countries such as Greece and Japan, and others in Europe, as well as Japan. Russia plans to deal with sovereign debt management and restructuring mechanisms at its St. Petersburg Summit, updating the proposals developed at the IMF a decade before.

Jobs, work and employment constitute a critical issue. They flow from the need to make G20 governance relevant to all publics, especially at a time when austerity will be hitting hard. Even though Australia itself does not have an acute unemployment problem, it will be struggling with austerity and is thus sensitive to the plight of its partners with critical problems in this regard.

Infrastructure is also being discussed a great deal, particularly as a generator of growth to go with structural reform beyond employment.

Trade will also be on the agenda, if only because Toronto's standstill on protectionist measures will expire in 2014 and will need to be replaced, preferably in a more effective forum.

Climate change and green growth will be dealt with, although the particular treatment will depend on the approach taken at the time by the leaders in the U.S., China and the Australian host.

Development will very likely be dealt with, shaped by the follow-on to the Seoul Development Consensus from November 2010 and the approaching deadline for the MDGs.

Commodity price volatility is another possible issue, given its established place on the G20 summit agenda and the core economic interest of both Russia and Australia.

It is also possible that Brisbane will prove to be a crisis-response summit, as Cannes and Los Cabos have been. The candidates for crisis now include not only Europe, but also the U.S., Japan and China.

Australia's approach to the summit process was also becoming clear by November 2012. On July 11, 2012, it had announced the time and place of the summit, selecting November 14-15 in Brisbane. Australia estimated that 4,000 delegates and 2,500 media would attend.

The Australians established the G20 Task Force in the Office of the Prime Minister and Cabinet of about 60 people on the operational side and 40 on the policy side. The sherpa was Gordon de Brouwer, who had led at Melbourne in 2006. The Australians are debating whether there would be the standard short summit of less than 24 hours or a longer one, with a key factor being which choice would make it more likely that all G20 leaders would come.

To prepare for Brisbane, there will be a meeting of finance ministers and central bank governors in Sydney and another in Cairns.

In regard to civil society participation, the Australians started with the Think Tank 20, giving the Lowy Institute in Sydney a grant of over \$4 million to participate and host. The Australian Council for International Development also asked to participate and been given a welcome response. They were asked to identify where such civil society would best contribute to the summit.

6. The Causes of Summit Success

The performance of the Brisbane Summit ultimately depends on the predictive, forward-looking application of a causal model that has explained G20 governance well in the past (Kirton 2013). All six components of this model seem likely to propel Brisbane to at least a substantial success.

a. Shock-Activated Vulnerability

The first component, shock-activated vulnerability, is by its very nature difficult to predict two years in advance. However, there is a good chance that there will be the prospect, if not the presence, of a global economic crisis. For those chances to be absent, Europe would have to have solved its crisis, which has continued and compounded over the past three years, the U.S. will have to fall back from rather than fall off its fiscal cliff and its mountain of debt, Japan will have

to have done likewise as its insular society ages even more, and China will have to produce strong, sustained growth in more market-oriented and socially sustainable ways. The rather gloomy IMF growth forecasts for 2014 do not suggest these events will happen, and a G20 guided by Russia's Putin in 2013 may be unlikely to turn things around. And by then Iran's advancing nuclear program will be ready to create a security or energy crisis from the Middle East.

b. Multilateral Organizational Failure

In the face of these crises, it is likely that the major multilateral organizations will fail to meet the need. Even if the IMF raises the resources to cope, with the post-election U.S. Congress finally producing its share, its promised quote reforms are likely to remain undone, and competent Australians, Canadians, Chinese and others will likely to remain ineligible in practice to get the top job. Few think that by 2014 the WTO would get the Doha round done or put another round of multilateral trade liberalization in its place. Nor will major multilateral organizations spring to life to govern the environment, energy, terrorism and corruption.

c. Predominant, Equalizing Capability

The task will thus be left to the G20, whose globally predominant and internally equalizing relative capability will make it adequate to respond. Even with the U.S. recovering and the BRICS growth slowing, it is likely that the growth rate of the G7 members would be less than that of the BRICS and especially the smaller G20 members in 2014.

d. Common Democratic Character

The strongly democratic character of the G20 will likely continue for Brisbane with China and Saudi Arabia more likely to become more politically open, rather than less, by then.

e. Political Control, Capital, Continuity, Competence and Commitment

The Brisbane Summit's success will be further spurred by the substantial political control, capital, continuity, competence and commitment of its leaders. With an Australian election due in 2013, the host leaders will be either Prime Minister Julia Gillard, a veteran of G20 summits since Seoul in 2010, or her successor, who may arrive in time to represent Australia at St. Petersburg in September 2013. The U.S. will send Barack Obama, well into his second term, with his party controlling the Senate and perhaps also the House by November 2014, and with the experience of seven summits, including one as host. China's new leader will have attended the St. Petersburg Summit, and Japan's is likely to have as well. Bringing majority mandates and G20 summit experience since its start are likely to be Germany's Angela Merkel and Canada's Stephen Harper. Arriving with strong control at home and two years of summit experience are Australia's partner in the troika, Russia's Vladimir Putin, and France's socialist president François Hollande.

f. The Club at the Hub

The final factor spurring success is the G20's slowly strengthening status as an institutional and interpersonal club at the hub of a network of leader-level global governance. Australia as host

will bring its affiliations in the summits of APEC, the East Asia Summit, the Asia-European Union Meeting (ASEM) and the Commonwealth, while other G20 veteran leaders will add many more. Australia's plan to add regional partners as guest participants will reinforce the network and the Asia-Pacific character of the summit as well.

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Appendix A: G20 Compliance by Summit

All Reports N=87, October 23, 2012

N=87	Average	Argentina	Australia	Brazil	Canada	China	France	Germany	India	Indonesia	Italy	Japan	Korea	Mexico	Russia	Saudi Arabia	South Africa	Turkey	United Kingdom	United States	European Union
Washington, November 2008 (N=4)																					
2008-4 (Macro)	0.75	1	1	1	1	0	1	1	1	1	0	1	1	0	0	1	1	0	1	1	1
2008-5 (Dev)	0.80	1	1	1	1	1	1	1	0	0	1	1	1	1	1	0	0	1	1	1	1
2008-33, 34, 35 (Trade)	0.59	0	1	1	1	0	0	1	0	0	1	1		1	0		1		1	0	1
2008-76 (DFR)	0.47	-1	0		0	0	1	1	0	1	1	0	0	0	1	0	1	1	1	1	1
Summit Ave	0.66	0.25	0.75	1.00	0.75	0.25	0.75	1.00	0.25	0.50	0.75	0.75	0.67	0.50	0.50	0.33	0.75	0.67	1.00	0.75	1.00
London, April 2009 (N=6)																					
2009-19 (Macr)	0.35	0	1	0	1	0	0	1	-1	0	0	0	0	0	1	1	1	1	1	0	0
2009-62-68 (Trade)	0.50	0	1	1	1	0	1	1	0	-1	1	0	1	0	0	0	1	1	1	0	1
2009-39 (FinR)	-0.05	-1	0	-1	0	-1	1	0	0	0	-1	0	0	0	0	0	1	0	1	0	0
2009-75-76 (Dev)	0.30	-1	1	1	1	-1	1	1	0	0	0	1	0	0	1	0	-1	-1	1	1	1
2009-78 (Dev)	0.00	-1	0	0	0	0	1	1	-1	-1	0	0	-1	0	0	0	0	0	1	0	1
2009-84 (CC)	-0.10	-1	0	-1	0	1	0	0	-1	0	0	0	1	0	-1	0	0	-1	0	0	1
Summit Ave	0.17	-0.67	0.50	0.00	0.50	-0.17	0.67	0.67	-0.50	-0.33	0.00	0.17	0.17	0.00	0.17	0.17	0.33	0.00	0.83	0.17	0.67
Pittsburgh, September 2009 (N=15)																					
2009-117(Mac)	0.70	1	0	0	1	1	1	1	1	0	0	1	1	1	1	1	1	1	1	0	0
2009-107 (Tra)	0.05	0	0	-1	0	0	0	0	-1	-1	1	-1	1	0	-1	0	1	1	1	0	1
2009-9 (Fin Rg)	0.15	0	1	-1	0	0	1	1	-1	-1	0	1	1	0	1	-1	0	-1	1	0	1
2009-40 (FinRg)	0.78	0	1	1	1	1	1	1	1	1	1		0		0	0	1	1	1	1	1
2009-96 (Corr)	0.10	0	0	1	1	0	0	1	-1	0	-1	0	-1	0	-1	0	1	-1	1	1	1
2009-98 (Corr)	0.40	0	1	0	1	0	1	0	-1	0	0	1	1	1	1	-1	1	1	1	1	0
2009-88 (Dev)	-0.05	-1	1	-1	0	0	0	1	-1	-1	-1	0	0	0	0	0	1	-1	1	1	0
2009-97 (Dev)	-0.05	-1	0	-1	1	0	0	0	-1	-1	0	1	0	0	0	0	0	-1	1	0	1
2009-89 (Dev)	0.88				1		1							1	1	0		1	1	1	
2009-18(En)	0.05	0	-1	0	-1	1	1	0	0	1	-1	1	1	1	-1	-1	1		-1	1	-1
2009-72 (En)	0.45	0	0	0	0	0	1	1	0	1	1	1	1	1	0	0	0	0	1	1	0
2009-83 (En)	0.44	0	1	1	1	1	1		1	0		1	0	0	-1	-1	0	0	1	1	1
2009-84 (En)	0.75	1	1	0	1	1	1	1	1	0	1	1	1	1	1	0	0	1	1	1	0
2009-85 (En)	0.86		1	0	1	1	1	1	0			1		1	1			1	1	1	
2009-13&68	0.05	-1	0	-1	1	-1	1	1	-1	-1	0	1	1	-1	0	0	1	-1	1	1	0
Summit Ave	0.31	-0.08	0.43	-0.14	0.60	0.36	0.73	0.69	-0.14	-0.14	0.08	0.62	0.54	0.43	0.13	-0.21	0.62	0.14	0.87	0.73	0.38
Toronto, June 2010 (N=14)																					
2010-6 (Macro)	0.78		1		1		0	1			1	1	1						1	0	
2010-16 (Macr)	0.83		1		1		1				1								1	0	
2010-17 (Macr)	0.63	1				1	0			0		1	1			1	0				
2010-44 (Trad)	0.15	-1	1	-1	1	1	1	1	-1	0	1	1	1	-1	-1	1	-1	-1	1	-1	1
2010-26 (FinR)	0.05	0	0	0	1	0	0	1	0	-1	1	0	0	-1	0	-1	-1	0	0	1	1
2010-53 (Corr)	-0.20	0	0	0	0	0	0	-1	-1	0	0	-1	0	0	0	-1	0	0	0	0	0
2010-20 (Dev)	0.16	0	0	0	1	0	1	1	0	-1	0	1	0	-1		-1	-1	0	1	1	1
2010-51 (Dev)	0.95	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1	1	1	1
2010-56 (CC)	0.40	1	1	1	1	1	0	0	1	0	1	0	1	-1	-1	-1	0	0	1	1	1
2010-57 (CC)	-0.06		0	0	0	0	0	0	0	-1	0	0	0	0	0		-1		0	0	1
2010-58 (CC)	0.89	1	1	1	0	1	1	1	1	1	1	1	1	1	1		1		1	0	1
2010-60 (En)	0.50	0	1	1	0	0	1	1	-1	0	1	1	1	1	0	1	1	1	1	0	-1
2010-37 (IFI)	0.89	0	1	1	1	1	1		1	1	1		1	1	1	0	1	1	1	1	1
2010-43 (F&A)	0.25	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Summit Ave	0.40	0.27	0.69	0.45	0.69	0.50	0.54	0.50	0.09	0.00	0.69	0.50	0.62	-0.09	0.18	-0.10	0.00	0.22	0.69	0.38	0.73

	Average	Argentina	Australia	Brazil	Canada	China	France	Germany	India	Indonesia	Italy	Japan	Korea	Mexico	Russia	Saudi Arabia	South Africa	Turkey	United Kingdom	United States	European Union
N=87																					
Seoul, November 2010 (N=32)																					
2010-40 (Macr)	0.30	0	1	-1	1	0	1	1	1	0	1	-1	1	-1	1	0	0	0	0	0	1
2010-48 (Macr)	0.90		1		1		1	1	1		1	1	1	1					1	0	1
2010-61 (Macr)	0.90	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	0	1	1	1	1
2010-96 (Trad)	-0.05	-1	1	-1	0	-1	0	0	0	0	0	1	1	0	-1	1	-1	0	0	0	0
2010-51 (FinR)	0.65	-1	1	1	1	1	1	1	0	1	1	1	0	0	0	1	1	1	1	0	1
2010-83 (FinRg)	0.70	1	1	1	0	1	1	1	1	1	0	1	1	0	1	0	0	0	1	1	1
2010-90 (FinRg)	0.65	1	1	1	1	1	1	1	1	0	1	1	1	1	0	-1	0	-1	1	1	1
2010-92 (FinRg)	0.45	-1	1	0	1	0	1	1	0	0	1	1	1	1	0	1	-1	0	1	0	1
2010S-122 (De)	0.65	-1	1	0	1	1	1	1	1	0	1	1	1	-1	1	0	1	1	1	1	1
2010S-47 (Dev)	0.25	0	0	1	0	1	0	0	0	1	0	0	1	0	0	0	0	0	1	0	0
2010S-55 (Dev)	0.35	1	1	-1	1	1	1	0	0	-1	0	0	1	0	0	0	1	1	1	0	0
2010-S-56 (De)	0.65	1	1	-1	1	-1	1	1	1	1	1	0	1	1	0	1	1	1	1	1	0
2010S-57 (Dev)	0.65	0	1	1	1	1	1	1	0	1	1	1	1	1	-1	0	1	1	1	-1	1
2010S-77 (Dev)	0.30	0	0	0	1	1	1	1	-1	-1	1	1	1	0	0	0	0	0	1	1	-1
2010S-107 (De)	0.40	0	1	1	0	1	0	1	1	1	0	0	1	0	-1	-1	0	1	1	0	1
2010S-108	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2010S-109 (De)	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010S-110 (De)	0.45	-1	1	0	1	-1	1	1	1	1	1	1	1	0	-1	0	0	0	1	1	1
2010S-111 (De)	0.05	0	0	0	0	0	0	1	1	-1	0	-1	1	0	0	0	0	0		0	0
2010S-112 (De)	-0.25	-1	0	0	-1	0	0	1	0	-1	-1	-1	0	0	-1	-1	1	-1	0	0	1
2010S-113 (De)	0.47	0	1	1	1	1	1	1	0	1	-1	0	-1	-1		1	0	1	1	1	1
2010S-116 (De)		-1	0	0	-1	-1	0	0	-1	0	0	-1	0	-1	0	-1	-1	0	0	0	0
2010S-117 (De)	0.30	0	1	0	1	1	1	1	0	0	1	0	-1	-1	-1	0	0	0	1	1	1
2010S-118 (De)	0.15	0	0	0	1	0	1	1	0	-1	1	0	-1	-1	0	0	0	-1	1	1	1
2010S-120 (De)	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010S-123 (De)	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010S-125 (De)	1.00	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2010S-126 (De)					1								-1								0
2010-143 (Corr)	0.45	0	0	1	0	1	0	-1	1	1	1	-1	1	1	1	-1	1	1	1	0	1
2010-152 (Cop)	0.05	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0
2010-127 (En)	0.26	0	1	1	1	-1	0	-1	0	0	1	0	1	0	1	0	1	-1	1	0	
2010-135 (En)	0.75	0	1	1	1	1	1	1	1	0	1	1	1	1	1	-1	1	0	1	1	1
Summit Ave	0.38	0.00	0.65	0.30	0.56	0.37	0.61	0.61	0.37	0.23	0.52	0.29	0.52	0.10	0.14	0.07	0.27	0.23	0.73	0.38	0.60

N=87	Average	Argentina	Australia	Brazil	Canada	China	France	Germany	India	Indonesia	Italy	Japan	Korea	Mexico	Russia	Saudi Arabia	South Africa	Turkey	United Kingdom	United States	European Union
Cannes, November 2011 (N=16)																					
2011C-16 (Mac)	0.50	0	1	-1	1	1	1	1	0	0	1	-1	0	1	1	0	1	0	1	1	1
2011C-78 (Macro)	0.11		1		1		-1	1			-1	-1	0						0	1	
2011C-91 (Macro)	0.70	1		1		1			1	1				1	1	0	-1	1			
2011C-47 (Tra)	0.25	-1	0	0	1	0	1	1	-1	-1	1	1	0	0	-1	1	1	0	1	0	1
2011C-147 (FinR)	0.55	-1	1	1	1	1	1	1	1	-1	1	1	0	1	0	1	1	-1	1	0	1
2011C-149 (Fin Reg)	0.74	1	1	1	1	1	1	1	1		1	1	1	1	1	-1	0	-1	1	1	1
2011C-152 (Fin Reg)	0.85	0	1	1	1	1	1	1	1	1	1	1	1	1	0	0	1	1	1	1	1
2011C-266 (Dev)	0.40	-1	1	0	1	0	1	1	-1	0	1	1	1	0	0	0	0	0	1	1	1
2011C-267 (Dev)	0.26	-1	0	0	1	0	-1	-1	1	0	1	1	1	-1	1	1	1	-1	1	1	
2011C-236 (En)	0.63	0	1	1	0	1	1	0	1	0	1	0	1	1	1		1	0	1	0	1
2011C-242 (En)	0.95	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1
2011C-25 (IFIR)	0.50	-1	1	1	-1	1	1	1	1	0	1	1	1	1	0	0	0	1	-1	1	1
2011C-227 (FA)	0.15	0	0	1	1	-1	1	0	1	0	1	-1	0	0	1	-1	-1	1	-1	1	0
2011C-228 (FA)	0.95	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
2011C-282 (Int Coop)	0.25	0	0	0	0	0	0	0	0	1	0	0	1	1	1	0	0	0	1	0	0
2011C-156 (SocioEco)	0.70	1	0	1	1	1	0	1	1	-1	1	1	0	1	1	0	1	1	1	1	1
Summit Ave	0.54	0.00	0.67	0.60	0.73	0.53	0.60	0.67	0.60	0.14	0.80	0.47	0.60	0.67	0.60	0.21	0.47	0.20	0.67	0.73	0.85
Totals																					
Overall Average	0.40	-0.02	0.60	0.23	0.60	0.33	0.64	0.64	0.12	0.08	0.44	0.41	0.52	0.15	0.17	0.00	0.33	0.21	0.78	0.46	0.61
G8 Average Score	0.53																				
G20 Average	0.27																				

Appendix B: G20 Remit Mandates

Julia Kulik, G20 Research Group, November 19, 2012

2012 Los Cabos

G20 Leaders Declaration

Recognizing the need to pursue growth-oriented policies that support demand and recovery, the United States will calibrate the pace of its fiscal consolidation by ensuring that its public finances are placed on a sustainable long-run path so that a sharp fiscal contraction in 2013 is avoided.

We task our Finance Ministers and Central Bank Governors to present the second Accountability Report for the Leaders' Summit in St. Petersburg in 2013.

We are deeply concerned about rising instances of protectionism around the world. Following up our commitment made in Cannes, we reaffirm our standstill commitment until the end of 2014 with regard to measures affecting trade and investment, and our pledge to roll back any new protectionist measure that may have arisen, including new export restrictions and WTO-inconsistent measures to stimulate exports.

As part of these reforms, we are committed to completing the comprehensive review of the quota formula, to address deficiencies and weaknesses in the current quota formula, by January 2013 and to complete the next general review of quotas by January 2014.

We ask the FSB in consultation with the International Association of Insurance Supervisors (IAIS) to complete their work on identification and policy measures for global systemically important insurers by April 2013.

We also ask the IAIS to continue its work to develop a common framework for the supervision of internationally active insurance groups by end-2013.

The LEI system will be launched by March 2013 and we ask the FSB to report on implementation progress by the November 2012 Finance Ministers and Central Bank Governors' meeting.

We look forward to the completion in 2013 of the update of the FATF assessment process for the next round of mutual evaluations.

We also endorse the Action Plan presented by the G20/OECD Task Force on Financial Consumer Protection to develop effective approaches to support the implementation of the High Level Principles on Financial Consumer Protection, and look forward to an update report by the Leaders' Summit in St. Petersburg in 2013.

We ask our Finance Ministers to report in 2013 on progress on the G20's contribution to facilitate better functioning of these physical markets, taking note of possible areas of further work outlined in the report.

We also acknowledge the G20 efforts to voluntarily self-report on current actions taken to integrate green growth and sustainable development into structural reform agendas. We will self-report again in 2013, on a voluntary basis, and ask appropriate officials to report back on countries' efforts and progress on incorporating green growth policies in structural reform agendas and in relevant national plans to promote sustainable development.

We extend the mandate of the Anti-Corruption Working Group for two years to the end of 2014 and request the Working Group to prepare a comprehensive action plan, as well as a second Working Group Monitoring Report, both to be presented for consideration and adoption by Sherpas by the end of 2012.

The Los Cabos Growth and Jobs Action Plan

Fiscal policies in all of our economies will focus on strengthening and sustaining the recovery in a manner which promotes fiscal sustainability and enhances policy credibility.

- Advanced economies are generally on track to meet their near term commitment to halve deficits between 2010 and 2013. Advanced economies are committed to meeting the medium term Toronto commitments by implementing credible medium-term fiscal consolidation plans.
- Recognizing the need to pursue growth-oriented policies that support demand and recovery, the United States will calibrate the pace of its fiscal consolidation by ensuring that its public finances are placed on a sustainable long-run path so that a sharp fiscal contraction in 2013 is avoided.
- Japan will implement reconstruction spending as expeditiously as possible.
- Australia, Brazil, Canada, China, Germany, Indonesia, Korea, the UK and the US are allowing automatic fiscal stabilisers to operate, taking into account national circumstances and current demand conditions.
- Italy will deliver on its agenda of frontloaded fiscal consolidation accompanied by growth-enhancing measures.
- Fiscal policy in Spain will remain focussed on consolidation.

Advanced economies will ensure their fiscal finances are on a sustainable track.

- Recognizing the importance of strengthening and implementing their medium-term fiscal consolidation plans, the US and Japan commit to actions that will lead to steady reduction in their public debt-to-GDP ratios:
- The US commits to placing its federal debt-to-GDP ratio on a firm downward path by 2016 through a balanced approach.
- Japan reaffirms its commitment to meet its primary balances targets for FY2015 and FY2020, and to reduce its debt-to-GDP ratio from FY2021 onwards.

By our next Summit, members agree to identify credible and ambitious country-specific targets for the debt-to-GDP ratio beyond 2016, where these do not currently exist, accompanied by clear strategies and timetables to achieve them. These strategies will consider tax and expenditure reforms, including modifications to entitlements.

Details on country-specific reform commitments are posted on the Mexican Presidency's website. We will continue to coordinate policy in the future as economic conditions evolve. We ask our Finance Ministers to work closely together in the coming months to address vulnerabilities and sustain the recovery. We will review progress against all of our commitments at the St. Petersburg Summit in 2013.

Most members (Australia, Canada, France, Germany and Italy) are projected by the IMF to achieve the Toronto target to halve their deficits from their 2010 levels.^[1] In some cases, strong policy actions actually reduced the 2010 deficits below expected levels. Recognizing the need to pursue growth-oriented policies that support demand and recovery, the United States will calibrate the pace of its fiscal consolidation by ensuring that its public finances are placed on a sustainable long-run path so that a sharp fiscal contraction in 2013 is avoided. In the UK, the actual 2013 deficit projection meets the Toronto objective when cyclically-adjusted measure is used. Spain may miss its 2013 target, reflecting the significant weakness in the economy and the restructuring of its banking sector. Thus, a very significant structural effort and deficit reduction plan is being implemented.

Most advanced economies are also on track to achieve the Toronto commitment to stabilise or reduce the debt-to-GDP ratio by 2016. The U.S. is expected to meet this commitment in 2016 at the federal government level, but the federal government debt is expected to increase thereafter according to the IMF. Spain is expected to require additional actions to meet its target. Japan is on track to meet its own medium-term target of halving the primary deficit by FY2015 from its FY2010 level, but more action is needed to reach its long-term target to reduce its debt-to-GDP ratio from FY2021 onwards. Finally, while advanced economies had agreed to promote sustainable fiscal finances over the medium term, debt levels are expected to remain high in many countries in 2016. Further policy efforts are required to achieve sustainable public finances in the medium term, particularly in the context of population ageing.

For consistency across members, this assessment of the Toronto commitments is based on general government deficit, using the actual deficit in 2010 and comparing to the IMF's projections for 2013, allowing a 0.5 percentage point confidence band around the projections.

Using the IMF's forecast for the general government debt-to-GDP ratio over 2015 and 2016.