

WHAT AFTER THE G20 SEOUL SUMMIT?

In this issue

The Latent Debate about Governance Structure	1
Compromises on Contentious Issues	2
Ban Praises Development Initiative	3
Stop Globalization of Poverty	4
Walk the Talk	5

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition presents short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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The Latent Debate about Governance Structure

The G20 Seoul Summit ended in controversy on November 12, leaving it to France, the 2011 chair, to pick up the discussion agenda and move on. Among the issues waiting to be taken up is the idea of institutionalizing a permanent secretariat for the G20, tabled in August 2010 by French President Nicholas Sarkozy.

Ahead of the Summit, Sakong Il, president of the preparation committee, welcomed Sarkozy's remarks, urging the G20 leaders to consider the proposal, though it was not even tabled at the Seoul gathering, according to the South Korean organizing committee.

The reason could have been that themes such as trade imbalance and exchange rates had a priority place. But the fact is that the emerging countries in G20 do not share the interests and opinions of the post-war global powers. This in turn makes embracing a governance structure impossible.

In fact some members of the G8 countries were publicly claiming a return to the previous super-power dominated hegemony, all the more opposed to the institutionalization of the G20. Advanced nations taking a more moderate stance, though agreeing with the general idea of G20, also seem to reject that the G20 should-replace the G8. Emerging economies, on the other hand, view the G20 system as an opportunity to secure more shares in the global politics and economy than ever.

Also, as for those not found at the top 20 list, the G20 structure offers more benefits as well, with emerging economy members trying to represent their peer developing nations' interests in a bid to strengthen legitimacy and credibility of the G20, writes Na Haejung of Xinhua.

The correspondent adds: Backed by non-member nations, countries newly joining the world governance system are not likely to tolerate the G20's power diminishing as the effect of the crisis wanes. Rather, they will seek to increase their voice, possibly through setting up a headquarter for the G20 talks, which will be endowed with rights to review and control the implementation of what has been agreed at summits.

Thus, once the secretariat talks begin officially, another heated debate will be added on to the G20 discussion table, with the G20 nations already divided over a range of agenda items. According to reports, there is an apparent discord between countries in favor of the secretariat, more specifically between France and South Korea.

It is widely known that France, the first official advocate of the secretariat, wants a central office in order to deal with general issues, such as climate changes and development. South Korea, on the other hand, is ambitiously seeking to host the base camp on its territory, eyeing to build a centre for global economic policy coordination.

What South Korea envisions is overlapping with the role of international financial organizations, namely the IMF, and the country may have to stand up against more stakeholders than just advanced nations. The G20, however, will not likely stay dormant in France, or as the G20 runs up for the France Summit, considering the event is held in a country that commenced the debate. Thus France that holds the key to the future of G20. ☑

Compromises on Contentious Issues

Leaders of the world's major developed and developing economies left the G20 summit concluded their Summit in southern Seoul with a joint communique featuring obvious compromises on contentious issues.

The Summit was held amid tension among G20 countries over several issues, including trade imbalances and currency policies. There had been even talks of so-called currency war.

It was further complicated by the U.S. Federal Reserve's move, called "quantitative easing", to inject 600 billion U.S. dollars into the U.S. economy to spur growth. The move had caused uproar among G20 countries such as Germany, South Africa, China and Brazil.

Attending the Seoul Summit were leaders from the G20 member countries, the European Union, the IMF, the World Bank, the UN, the World Trade Organization, the OECD, the African Union, and the International Labor Organization, as well as from five non-G20 countries -- Ethiopia, Malawi, Singapore, Spain and Vietnam. Chinese President Hu Jintao attended the summit, accompanied by Vice Premier Wang Qishan.

"For now, in conclusion, (the world) is out of the so-called currency war," South Korean President Lee Myung-bak told a press conference after the Summit.

According to the communique, the G20 members said they would move toward more market-determined exchange rate systems and enhance exchange rate flexibility to reflect underlying economic fundamentals and refrain from competitive devaluation of currencies.

But when G20 countries are facing undue burden of adjustment, policy responses in emerging market economies with adequate reserves and increasingly overvalued flexible exchange rates may also include carefully designed macroprudential measures, it said.

Over the trade imbalances, the G20 members said they would enhance cooperation to reduce trade imbalances and maintain imbalances at sustainable level. They would also develop indicative guidelines composed of a range of indicators, which will serve as a mechanism to facilitate identification of large imbalances that required preventive and corrective actions.

At the same time, the G20 members said they would refrain from introducing, and oppose protectionist trade actions in all forms, and recognize the importance of a prompt conclusion of the Doha negotiations.

Prior to Seoul Summit, the U.S. had pressed the G20 to address the trade imbalances by setting limits on trade surpluses and deficits at about 4 percent of the gross domestic product. The U.S. demand was refused by several G20 members, including Germany. German Chancellor Angela Merkel said that it was necessary to reduce excessive trade imbalances, but it was unnecessary to set a numerical target for them. As to concerns among emerging economies over the flooding of liquidity following U.S. monetary easing, the G20 said current vola-

tility of capital flows was reflecting the differing speed of recovery between advanced and emerging markets. National, regional and multilateral responses are required. And better global financial safety nets can help, said the communique.

DRAMATIC PROGRESS

The joint communique came after the six plenary sessions of discussion among G20 leaders. During the first session, South Korean President Lee said there had been "big progress" in the negotiations to narrow wide differences over how to manage trade imbalances and currencies, which had clearly paved the way for the communique.


Then, Lee did not elaborate on what the progress was. But a South Korean government source, quoted by the Yonhap news agency, said the negotiators had come close to agreement to seek "more market-determined exchange rate systems," increase flexibility of their currencies, and to create a guideline on sustainable trade imbalances by the next meeting in 2011 in France.

About one hour before the first session, however, a South Korean spokesman told reporters that envoys of the G20 members had still been unable to reach agreements on details of the currency and current account imbalance issues following overnight negotiations.

According to South Korea's G20 preparation committee spokesman, Kim Yoon-kyung, vice finance ministers and personal representatives of the leaders, dubbed the "Sherpa" group, had been trying to come to agreement, but there were still some contentious issues.

The Seoul Summit was the fifth meeting of the G20 heads of government, to discuss the global financial system and the world economy, since they first met in November of 2008 to discuss joint responses to the U.S.-originated financial crisis that was rocking the world economy at the time. Between the Washington Summit and the Seoul Summit were the London Summit in April of 2009, Pittsburg Summit in September of 2009, and Toronto Summit in June of 2010.

The G20 was established in 1999 to bring together strategically important industrialized and developing economies to discuss key issues in the global economy. It includes Argentina, Australia, Brazil, Britain, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United States, and the European Union (EU).

Together, the G20 members represent around 90 percent of global gross national product, 80 percent of world trade, including EU intra-trade, and two-thirds of the world's population. - Lin Jianyang | Xinhua 

Ban Praises Development Initiative

UN Secretary-General Ban Ki-moon was “encouraged” by the G20 Seoul Summit’s unprecedented push for members to support under-developed nations.

“I am very much encouraged by the fact that the G20 Seoul Summit has discussed for the first time in G20 history development agenda,” Ban said in an interview with The Korea Herald on November 13, a day after the curtain fell on the Seoul summit.

The Group of 20 had in Seoul adopted the development agenda for the first time to address the gap between nations on either side of the wealth spectrum.

Some critics noted a lack of substantial discussions as no specific goals or deadlines were adopted, but Ban said development issues were not sidelined when considering that they were vying against financial and monetary issues.

“We should appreciate how difficult this process has been, over the issue of currency wars and the framework guidelines over trade imbalances. Those were quite thorny issues,” Ban said. “If not properly addressed, they might have hijacked the whole Seoul process.”

The leaders of the world’s most powerful and emerging economies were unable to set specific goals or deadlines on development aid, but they agreed to mandate a high-level panel to monitor the implementation of a multi-year action plan for promoting balanced growth.

President Lee Myung-bak had proposed tackling economic polarization as one of the two main agenda items for this round of G20 talks hosted by Seoul, citing South Korea’s own status as an emerging country.

The G20, however, cannot single-handedly fight poverty, Ban emphasized.

“The UN and the G20 are in a mutually complementary relationship. It is not in any way competing relationship,” he said.

The G20 leaders also recognized the nature of the relationship, saying its pledges on development issues complement their separate commitment to “achieve the Millennium Development Goals” set out by the UN for assisting less-advanced counterparts.

Ban’s remarks come as speculation mounts that the UN is growing anxious about the fast-paced growth of the G20, now cited as a “premier forum on economies issues” despite its short age span.

As a gentle reminder of the role and strength of the UN, Ban underscored that without endorsement from a bigger international body such as the UN, the G20 lacks legitimacy.

“All these (G20) decisions will have to be mutually reinforcing to what the UN has been taking as the most universal international organization with legitimacy,” he said.

Ban pointed out that the International Monetary Fund, which has agreed to represent more developing nations, is a member of the UN family. In short, not one single country or group of countries can take on and tackle global challenges alone, he said. “One very important theme of the G20 was internationally coordinated measures,” Ban said.

The UN secretary general also addressed the calls for him to assume a more active approach on human rights abuse. Ban had come under fire by human rights groups for failing to speak up on China’s imprisonment of Liu Xiaobo, this year’s Nobel Peace Prize winner.

“I have been discussing in a public debate and private discussions with the Chinese leadership and Chinese public. I have emphasized the importance of human rights and urged the Chinese government to give more political space to civil communities, and uphold human rights corresponding to human rights standards,” he said.

On the possibility of his bid for a second term, Ban tried to distance himself from the matter. “That is up to member states to determine. If I continue to work faithfully to fulfil the three pillars of the UN charter, I believe or I hope I will be able to get positive recognition. But after all, it is up to the member states to determine,” he said.

His term expires next December. Ban was sworn in as the eighth secretary general of the UN in December 2006. The former South Korean foreign minister took over the UN as it was fraught with calls for reform over scandals and management lapses.

“I believe there is almost a consensus that the UN Security Council should be expanded,” the UN chief said. The council comprises just five permanent members. A total of 10 other non-permanent members hold two-year terms.

Ban noted that the General Assembly has seen an accelerated pace in the talks for reforms of late, saying negotiations have reached a point where only the modalities are waiting to be clinched. He declined to comment on calls or recommendations from other heads of state on which nations should be invited to become new permanent members of the Security Council.

- Kim Ji-hyun | The Korea Herald ☑



Stop Globalization of Poverty

While praising the South Korean government for putting development on the official agenda of the G20 Seoul Summit, civil society organizations from around the world say they are "deeply concerned about the government's emphasis on 'economic growth-oriented development' as it does not incorporate the values of democracy, human rights, ecological sustainability and gender equality."

Therefore, they cannot but ask the question: 'development for whom'. "Such a framework which aims to boost the demands in the developing countries seems to serve more the interests of the developed countries rather than that of the developing countries," some 80 civil society organizations and labour unions said in a statement .

The statement emerging from what was described as the 'alternative summit' ahead of the Seoul Summit of world's major economies, said: "Capitalist globalization and the globalization of poverty, which have dominated the world for the last 30 years must be transformed into an alternative system that is just and equitable."

The joint statement said: "Another world -- one which has overcome neoliberalism and the power of capital -- is possible. Let us move forward towards a fair and ecologically sustainable society through solidarity between national and international social movements."

The G20 Seoul Summit endorsed the 'Seoul Development Consensus for Shared Growth' and the 'Multi-Year Action Plan on Development', based on six core principles:

"First, an enduring and meaningful reduction in poverty cannot be achieved without inclusive, sustainable and resilient growth, while the provision of ODA (official development assistance), as well as the mobilization of all other sources of financing, remain essential to the development of most LICs (low income countries).

"Second, we recognize that while there are common factors, there is no single formula for development success. We must therefore engage other developing countries as partners, respecting national ownership of a country's policies as the most important determinant of its successful development, thereby helping to ensure strong, responsible, accountable and transparent development partnerships between the G20 and LICs.

"Third, our actions must prioritize global or regional systemic issues that call for collective action and have the potential for transformative impact.

"Fourth, we recognize the critical role of the private sector to create jobs and wealth, and the need for a policy environment that supports sustainable private sector-led investment and growth.

"Fifth, we will maximize our value-added and complement the development efforts of other key players by focusing on areas where the G20 has a comparative advantage or could add momentum. And finally, we will focus on tangible outcomes of significant impact that remove blockages to improving growth

prospects in developing countries, especially LICs." The civil society organizations and labour unions argue that the "framework of neoliberalism and corporate globalization are responsible for the worsening of global inequality and poverty." Therefore they demand the cancellation of external debt of the "global south" to allow them to have real sustainable development. They spell out a series of options detailing their arguments:

ALTERNATIVES TO NEOLIBERAL FREE TRADE

The joint statement says that for decades, the WTO (World Trade Organization) has forced countries around the world to open their markets. The volume of global trade has increased tremendously, but free trade, which follows the logic of profit, has destroyed local economies, agriculture and people's livelihood.

It adds: The Doha Development Agenda (DDA), which covers not only industrial goods, but also agriculture, services and intellectual property rights, and seeks to expand the area of "free trade" will only worsen this situation, as will FTAs (free trade areas), which aim to abolish all kinds of regulations in order to maximize the rights of corporations and investors.

The civil society organizations are convinced that the G20 intends to protect the existing system, emphasizing the logic of free trade and urging a conclusion of the DDA. "We reject the free trade ideology, which glorifies the abolition of tariffs and regulatory measures. We need an alternative trade system that recognizes universal rights, including labour and civil rights and environmental standards. The right of governments to formulate policies appropriate for regional and national economies, and which protect public interests, must not be violated."

AGRICULTURE AND FOOD SOVEREIGNTY

The statement continues: "In the global food and agriculture regime, the transnational corporations (TNCs) try to take full control of everything from the seed to the food on the table. They also threaten food safety by the promotion of more chemicals in fertilizers and pesticides. Furthermore the big industrial farming TNCs are pushing the small scale farmers and peasants to become agricultural workers.

"Agrofuel production and speculation on food are seriously deepening the hunger problem adding to the 1 billion who are already suffering from hunger. Bilateral and bi-regional trade agreements like FTAs and EPAs do not value agriculture as a livelihood and way of life and instead treat it as an industry and source of profit.

[CONTINUED ON PAGE 5 RIGHT COLUMN] ⇨

Walk the Talk

Civil society and anti-corruption action groups have welcomed the Anti-Corruption Action Plan agreed at the G20 Seoul Summit of world's major economies. While it represents a significant advance in the global fight against bribery, they say, it remains to be seen whether the G20 governments will really walk the talk.

Transparency International, Global Witness and Global Financial Integrity will therefore monitor progress publicly, they said in a joint statement released on the final day of the 14th International Anti-Corruption Conference in Bangkok from November 10 to 13.

The conference was organized by the International Anti-Corruption Council (IACC) in cooperation with Transparency International, Transparency Thailand and hosted by the Government of Thailand and the National Anti-Corruption Commission of Thailand. It brought together over 1200 representatives from the public, private and non-profit sectors from more than 135 countries.

The Bangkok Action Plan calls for effective implementation of the United Nations Convention against Corruption (UNCAC), enforcement of laws against foreign bribery, international cooperation in preventing illicit flows into G20 financial markets, tracing and recovering stolen assets and for the protection of whistleblowers, which have long been key requests from civil society and anti-corruption fighters.

"The G20 itself acknowledged that the global financial crisis will push an additional 64 million people into extreme poverty (living on less than \$1.25 per day) by the end of 2010. A key cause of this massive human misery -- and of the financial crisis itself -- is corruption," Huguette Labelle, Chair of Transparency International (TI) said.

"The G20 Action Plan is the very first of its kind ever issued by a G8 or G20 Summit and is a significant response to today's crisis. It builds on the acceptance of and the determined implementation of the United National Convention against Corruption," TI's Chair added.

Robert Palmer, campaigner with Global Witness stressed: "The success of these initial measures to clamp down on corruption will depend on effective implementation. The G20 leaders still need to do more to tackle the roles of the financial system in facilitating corruption."

When there is corruption there is almost always organized crime and extensive tax evasion and avoidance, and today more than US\$1 trillion of illicit funds crosses national borders each year.

"The G20 in Seoul mandated the Financial Action Task Force to implement standards of beneficial ownership of commercial entities and the International Accounting Standards Board to improve involvement of emerging market economies in accounting standards, but such cautious steps inadequately address the need for greater transparency in the global financial system," said Raymond Baker, Director of Global Financial Integrity. **[CONTINUED ON PAGE 6]** ↻

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Furthermore, the recent cases of land grabbing and vicious policies have wrested the livelihoods from the small-scale farmers and their families and have occupied their lands."

The civil society organizations' answer to solve these problems is food sovereignty. The reason: Food sovereignty is the people's right to decide its own local food and agriculture production systems.

Food sovereignty respects the small farmers' right to produce sustainably and the consumers' right to eat safe, healthy, and culturally appropriate food. The joint statement demands regulations on transnational food corporations on the national and international level to put an end to the commodification of food, land and agriculture.

PEACE AND DEMILITARIZATION

The statement points out that increasing military spending and vicious wars are main causes of the global economic and financial crisis. Governments should therefore invest, not in weapons and wars that exacerbate conflict and stimulate acts of revenge, but in relief for common people who have fallen victim to the economic crisis.

The total amount spent on the destructive wars in Iraq and Afghanistan was more than the \$985 billion allocated by international financial institutions for emergency bailout funds in the wake of global financial crisis. Global military spending for 2009 amounted to \$1.5 trillion.

"This amount of money could pay off more than one-third of the foreign debts owed by countries around the world, the statement says," adding: "Leading countries in the G20 have supported the wars in Iraq and Afghanistan politically and militarily despite popular public opposition to these wars. They must stop the war and withdraw their troops from Afghanistan."

GENDER EQUALITY

The statement points out bluntly: "The financial crisis is the crisis of women. The G20's sound fiscal policy based on the measure to cut down on welfare spending will lead to increase in women's unpaid care work and exacerbate feminization of poverty, thus resulting in shifting burden of the financial crisis on women."

Gender equality issue, therefore, should be considered as a cross-cutting issue within the G20 discourse, says the Gender Justice Action group which also signed the joint statement. In particular it asks the G20 to include plans to create decent job and social safety net for women and expand public fund investment on care service. — R Kim | IDN ☑

Walk the Talk [Continued from Page 5 Left Column]

"The fight against tax havens and secrecy jurisdictions, so damaging to developing countries, goes on," Baker added.

TI, Global Witness and Global Financial Integrity will monitor and report publicly on the performance of G20 governments in meeting the pledges they have made in their Action Plan. The first pledge, which if acted upon by all G20 nations will represent a major advance, and it states that the governments will lead by example and to this end they agree:

"To ratify or accede, and fully implement the UNCAC by G20 countries as soon as possible, to invite non-G20 states to ratify or accede the UNCAC and to strengthen individual reviews" of the performance of countries in line with UNCAC's provisions.

The G20 countries that have not yet ratified the UNCAC are Germany, India, Japan and Saudi Arabia.

The Action Plan, endorsing UNCAC and the OECD Anti-Bribery Convention, embraces a bold nine-point agenda that includes exceptional specificity. For example, civil society welcomes the pledge: "To prevent corrupt officials from being able to travel abroad with impunity, G20 countries will consider a cooperative framework to deny entry and safe haven in our jurisdictions to corrupt officials and those who corrupt them."

The anti-corruption organizations called on each G20 government to launch domestic multi-stakeholder consultations (to include civil society, which the G20 declaration specifically mentioned, as well as the private sector) to pursue implementation of the Action Plan at the national level.

The Bangkok Conference called for a greater enforcement of anti-corruption laws and citizen mobilization

Titled 'Restoring trust: global action for transparency', the conference explored five areas: peace and security, natural resources and energy markets, climate governance, accountability in the corporate world and restoring trust in institution. In more than 50 sessions, participants looked for new ways to increase pressure on both the public and private sector to act against corruption.

"After four days of vigorous debate and the exchange of ideas among people intent on stamping out corruption around the globe, we have committed to work hard to ensure that the anti-corruption agenda includes restoring trust in institutions and is mainstreamed into all walks of government and business," said IACC chair Justice Barry O'Keefe.

"We have confirmed that this requires innovation, persistence, and above all mobilisation of people and we hope the energy generated at this conference will provide fresh enthusiasm and will spur our work as delegates return to their home countries," he added.

"The IACC has always been a much-anticipated global conference and we are proud to have hosted it in Thailand. It is a

meaningful gathering where we learn from each other best practices and how to face new challenges on how to prevent corruption," said Professor Pakdee Pothisiri, commissioner of the Thai National Anti-Corruption Commission.

Following are three paragraphs titled 'Anti-Corruption' in the G20 Seoul Summit Leaders' Declaration:

69. Recognizing that corruption is a severe impediment to economic growth and development, we endorse the G20 Anti-Corruption Action Plan (*Annex III*). Building on previous declarations, and cognizant of our role as leaders of major trading nations, we recognize a special responsibility to prevent and tackle corruption and commit to supporting a common approach to building an effective global anti-corruption regime.

70. In this regard, we will lead by example in key areas as detailed in the Anti-Corruption Action Plan, including: to accede or ratify and effectively implement the UN Convention against Corruption and promote a transparent and inclusive review process; adopt and enforce laws against the bribery of foreign public officials; prevent access of corrupt officials to the global financial system; consider a cooperative framework for the denial of entry to corrupt officials, extradition, and asset recovery; protect whistleblowers; safeguard anticorruption bodies. We are also committed to undertake a dedicated effort to encourage public-private partnerships to tackle corruption and to engage the private sector in the fight against corruption, with a view to promoting propriety, integrity and transparency in the conduct of business affairs, as well as in the public sector.

71. The G20 will hold itself accountable for its commitments. Beyond our participation in existing mechanisms of peer review for international anti-corruption standards, we mandate the Anti-Corruption Working Group to submit annual reports on the implementation of our commitments to future Summits for the duration of the Anti-Corruption Action Plan.

Annex says, among others:

"Business is a stakeholder in anti-corruption efforts, and its engagement on the issue is essential. The G20 will encourage public-private partnerships and offers a significant opportunity for developing and implementing initiatives that engage the private sector in the global fight against corruption." It adds:

"Leading by example, the G20 holds itself accountable for its commitments. Beyond our participation in existing mechanisms of peer review for anti-corruption standards, reports, agreed within the working group, on individual and collective progresses made by G20 countries in the implementation of the Action Plan will be submitted on an annual basis to the G20 Leaders for the duration of this Action Plan.

In this context, the Anti-Corruption Working Group will prepare a first monitoring report for the Leaders at next Summit in France." - **Taro Ichikawa | IDN**