

Palabras de la Subsecretaria Lourdes Aranda Bezaury World Policy Conference
Sesión Plenaria 5, “El futuro del G8, el G20 y la Gobernanza económica mundial”

Sábado 10 de diciembre de 2011, Viena, 11:00-13:00 hrs.

Good morning.

I feel honored to participate at the World Policy Conference, a most relevant forum aimed at promoting dialogue about global governance and the new realities of the XXI Century.

As G20 Sherpa, I will take the ideas and proposals discussed in this conference as part of the feedback we are gathering on G20 governance, an issue of the highest priority for Mexico.

1. The place of the G20 in global Governance

The G20 represents a new cooperation paradigm in the evolution of informal multilateral cooperation.

The inclusion of the political leaders of the world's major economies –advanced and emerging on equal footing, combined with its informal character, has been its comparative advantage and greatest strength.

As the G8, the G20 was established at the Leaders level as a response to an unprecedented international economic crisis.

Its aim is to function as a process providing political consensus in the management of global challenges imposed by an increasingly interconnected world economy.

After its successful crisis management in 2009, in the Pittsburgh Summit G20 Leaders designated the Group as the premier forum for international economic cooperation.

Ideally, the G20 should phase out the G8 and keep prevalence over global economic and financial issues.

In order to preserve the G20 relevance and credibility however; the Group must learn from the practices/mistakes that undermined the efficacy and credibility of the G8.

A first lesson is related to agenda management, effective follow-up and delivery.

Unlike the G8, the G20 must not overburden its agenda. The G20 has to focus on delivering the commitments that led to its creation during the economic crisis in 2008.

This could help to eliminate the myth that the G20 can solve complex problems in one and a half days. As I said, the G20 is a political consensus facilitator that works on a permanent process gathering many actors and complex issues.

In order to help it deliver, G20 Leaders agreed in Cannes to give the group the capacity it needs to function more effectively in making follow up to its past commitments and managing its agenda.

They decided that the G20 needs to avoid duplication or unnecessary proliferation. The assumption is that Summits should only deal with global issues where G20 Leaders can bring in value added.

Another important agreement of the Cannes summit in this regard was the G20 decision to formalize the “troika,” consisting of the past, current and future presidencies.

This will enable greater institutional memory and continuity, and hopefully, a better implementation of commitments.

The second lesson is related to effective outreach.

If the G20 wants to evade criticism related to representativeness, the kind of criticism the G8 faced, it needs to redouble its efforts to strengthen its engagement with all relevant actors.

Let's not forget that the establishment of the G8 outreach dialogue with five emerging countries, the G8-G5, was eclipsed by the creation of the wider and more representative G20.

But given the reach of its decisions, the G20 now needs to effectively engage with all relevant actors. This includes formal international and regional institutions, non member countries, and civil society at large.

Accordingly, in the Cannes Summit Leaders decided to facilitate more consistent and effective engagement, through the appointment of a senior official from the Sherpa office to conduct outreach activities.

Mexico has already designated a special representative for the G20 to conduct such activities, Mr. Roberto Marino.

2. The position where the G20 stands at this moment

Now let me make an assessment about where the G20 stands as a group.

As it has been suggested by Kemal in a recent paper published by Brookings, “the Cannes Summit acquired a sense of drama similar to that of the first two G-20” summits, in Washington and London (Brookings, October 2011, “The G20 Cannes Summit 2011”).

After the sense of emergency diminished by the end of 2009, in Cannes we were confronted with severe fiscal problems in advanced economies, high unemployment and a debt crisis in Europe.

Unsurprisingly, such challenges were the issues gaining major attention from the public and of course, from the Leaders.

In spite of the economic storm, the G20 managed, on a number of important issues, to reaffirm and clarify directions taken and commitments made at earlier summits.

One of the key items deriving from Cannes was **the Cannes Action Plan** to promote the long-stated goal of strong, sustainable and balanced growth.

This **Plan** involves measures to contain fiscal deficits in countries with large levels of government deficits and debt.

What is more, the G20 Action Plan is detailed about how each country’s economic policies fit together in a global framework.

Countries running large current account surpluses commit to reforms to increase domestic demand, coupled with greater exchange rate flexibility, while avoiding exchange rate misalignments and competitive devaluation of currencies.

With regards to the IMF, the Cannes Summit inherited promises of additional funding, so that the IMF is fully equipped in the management of future instability.

The G-20 has made it clear that, for its own sake as well as that of the global economy, Europe needs to put its house in order quickly and with forceful measures.

As it has been suggested by Eswar Prasad of Brookings, “the G-20 assumed that pouring more money into Europe, either through direct funding or through the IMF, is not the right approach. The solution must come from within Europe, which remains wealthy and strong enough to deal with its own problems”.

In brief, the Cannes message was appropriate and consistent.

In such a complex scenario, France made a great job.

But in spite of these accomplishments, we are still facing a critical juncture.

While the agreements in Cannes have laid the foundation for a coordinated response to the immediate economic challenges, it is clear that the job is not yet done.

Because the G20 aims at preventing economic crises instead of reacting to them, we still have a long way to go. That is the reason why the G20 has to focus on longer term issues that contribute to stronger, more sustainable and more balanced global economic growth.

The issues involved in the G20 cooperation, such as global macroeconomic rebalancing, international monetary system reform, financial regulation and IFI reform are at the core of international cooperation aimed at preventing future crises.

Now, more than ever, the G20 needs to keep up coordination, as countries cannot solve individually the problems we all face.

4. Some ideas for the Mexican Presidency of the G-20 in 2012

As you know, the 7th G20 Leaders Summit will take place in Los Cabos, on June 18 and 19th, 2012. This will be the second time for a developing country, and the first time for a Latin American country.

The Mexican presidency will work to unite efforts to confront the ongoing economic and financial global challenges.

We will address issues of concern for both developed and developing countries, and reinforce coordination between formal and informal multilateral institutions.

As President Felipe Calderón announced in Cannes, the priorities for Mexico will be: economic stability, international trade, financial regulation, food security, and green growth.

In particular, Mexico will seek to:

- Restore economic stability to revive growth.
- Reject protectionist measures and explore ways to strengthen the multilateral trade system and its institutions.
- Reinforce the IMF's role to prevent future crises and clarify its role in the current crisis.

Promote green growth issues, such as the establishment of the Green Fund and the implementation of programs to simultaneously alleviate poverty and reduce deforestation.

We believe that the climate change challenge is no longer an issue only for scientist; nowadays, it is a major challenge for economists, public policy designers and the private sector.

Our goal is to create a path towards greener growth, taking into account measures involving both governments and the private sector.

Mexico is well aware of the complex economic scenario the G20 faces today. But if we want a better future, we need to tackle simultaneously the environmental and the financial crisis.

Mexico also supports the initiatives aimed at increasing the transparency of commodity markets; fighting corruption; and strengthening the Financial Stability Board.

I would like to stress that the Mexican Presidency of the G20 commits to incorporate concerns of non member countries, multilateral and regional organizations, international financial institutions, and civil society to its discussions.

In particular, Mexico considers that think tanks, research centers and academic institutions such as IFRI are key actors that significantly contribute to transparency, analysis and evaluation of public policy.

Mexico's outreach activities will be guided by principles such as openness, respectfulness, plurality, inclusiveness and transparency.

The insightful discussions and conclusions of this fourth edition of the World Policy Conference will be most helpful throughout the Mexican Presidency's preparatory process.

Thank you very much.