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I have to begin with a confession and the confession is this: I am here to sell a product and the product is the G20 Summit meeting, which takes place in Seoul in November. I arrived very late yesterday morning and then I sat through the sessions for the whole day yesterday. Sitting through the meetings, I came up with this confession. My job, of selling my product, has in a sense become easier, but also more difficult in a sense. It has become far easier, because I was listening to you and there were so many references to the issues we were discussing in the G20. In that sense, I really do not have to say too much.

However, at the same time, it became far more difficult. Why? It is because I came to find that there are such high expectations about the things that are to be achieved through the G20 process. For that reason, if I were to make a choice between the job becoming easier or more difficult, I would have to say it became more difficult. There is my confession.

What I am going to tell you about is how Korea is preparing for the G20 meeting in November. Then, my President asked me to the World Economic Forum in January this year. He raised exactly the same question. Then he said three things. First, we will focus upon the implementation of the agreements which have been made so far. Secondly, he said that given the changing nature of the G20, we will fight to introduce a certain limited number of new issues for the G20 process. He said that since we designated the G20 as the premier forum for international economic cooperation, it is not a process which is limited to the 20 countries. Now we should be able to do something for the 192 countries around the world. He said, 'We will put more emphasis on our objectives.'

These were the three points which my President made. I will try to follow the same three pillars. The first pillar I told you about was with respect to implementation of the agreements. As I have already told you, I was listening to you. Then we had extensive and very intensive discussions about the issues we have to discuss, through the G20 Summit in Seoul.

For example, yesterday we were talking a lot about macro-economic coordination. For the time being, this is being done through something called the Pittsburgh Framework. Then we have been talking about global imbalances; we have been talking about exchange rate, we have been talking about structural reform etc. Then with respect to the Framework, what I truly think is this. It is something on which it is far easier to agree in principle, but far more difficult to implement. This is with regard to the details of what we intend to do, through the framework. That is there.

The second measure is homework. It is the reform of financial regulations. With respect to the reform of financial regulations, the Basel Committee, as well as the Financial Stability Board, has been working very hard. Then yesterday, we were listening to Mr Trichet and he was telling us about Basel III. He talked about the progress we are making through the Basel Committee, as well as what we plan to do. He continued to talk about systematically-important things, which have an official name, Systematically-Important Financial Institutions (SIFI). This work is being done by the Financial Stability Board. These are the kind of things which the G20 leaders in Toronto agreed to have completed, before the Seoul Summit in November. This is the second major element of the first pillar.

The third major element would be the reform of financial institutions, starting with the IMF. The reform of financial institutions is a huge issue, a major issue. There are a large number of issues that we are discussing at present. However for the time being, I think there is one issue which is being perceived by the public as a make-or-break issue.



This is the issue of whether we will be able to shift 5% of the IMF quota from over-represented countries to under-represented countries. We are working very hard on that.

I am still working on the homework for the G20 and the last element of the first pillar is trade. With regard to trade, there were three important issues that we have been dealing with through the G20 process. One is related to how to deal with protectionism. The lesson we learned from the 1930s is that when things go bad, there is a natural tendency for Governments to have recourse to protectionist measures. As far as that is concerned, I thought we were okay. Then yesterday, I was listening to Mr. Kemal Dervis. What he said was that the presence of the WTO may have been responsible in large measure for the fact that we have not seen many protectionist measures taking place over the past three years.

I think he is actually right. WTO has been helpful, but at the same time, what G20 leaders have done has been helpful as well. As a matter of fact, G20 leaders declared a stand-still agreement. I personally saw to it that there was a sufficient monitoring mechanism for the stand-still declaration. In addition to the presence of the WTO, the effect of the stand-still declaration, as well as of sufficient monitoring mechanisms at the G20, played a major role. They have seen to it that protectionism has been kept at bay.

The second issue which has been dealt with by the G20 in order to promote trade, is trade financing. Again, many of you will remember that G20 leaders agreed to provide USD250 billion of trade financing. There was also the agreement made in London. As the present counting system goes, far more than USD250 billion in new money was put into the system through the G20 leaders' agreement at that particular point.

However, there is one issue which I have to say has been lagging behind. I said to myself as I sat through all those meetings yesterday that something curious was happening. Nobody had ever mentioned the Doha Development Agenda (DDA). It seems to be the case that the DDA has gone out of the list of important issues for the international community, but at the same time, it is still there. The DDA is still there.

Time and again, G20 leaders have reaffirmed their commitment to seeing to it that DDA negotiations will be completed in time. Then they will come out with balanced and ambitious outcomes etc. It has developed into a mantra, but at the same time, we have not seen real, substantive progress to date. We look upon it as a major challenge as we prepare for the G20 summit in Korea. That is it for the first pillar. That is to say, important agreements have been made and there are important implementations that we should see to as we prepare for the G20 summit in Seoul.

I will move on to my second pillar, which relates to new issues. You will have noticed that I emphasised that there is a limited number of new issues. There is a reason why I intentionally put the emphasis on the limited number of new issues. It is because in G20, there is a widely-held view that we should be very, very careful in introducing new issues to the G20 process. Why? It is because if G20 agrees on a large number of things and does not deliver on those agreements, then soon enough, we will lose credibility. Soon enough, G20 will develop many international processes which are not so successful, in which we make the same mistakes again and again.

For the time being, that consensus is there, but in Korea, we thought that at the very least, we should be introducing two issues. I have to tell you that those two issues are based upon our national experiences as a rapidly-developing economy. The first one of them relates to something called a global financial safety net. What we wish to see through the issue is this. At the beginning of the financial crisis in 2008, Korea had no less than USD460 billion of foreign reserves. This was about 30% of Korea's GDP.

We thought it was large enough, but at the end of the day, we came to find that it was not large enough. This made us think that maybe, on top of the independent security that we are trying to provide through the foreign reserves, we must have stronger collective security. This would be provided through a multi-lateral system like the International Monetary Fund (IMF). It could also be through a regional system like what you have in Europe, on top of what we have in Eastern Asia, in the form of a Chiang Mai initiative.

The second new issue that we wanted to introduce, again based on our national experiences, was development. Regarding development, there are a large number of efforts being made in the global community. For example, there



is Millennium Development Goals (MDG) and there are the G8-sponsored efforts etc. However, with regard to MDG, what does MDG stand for? It stands for Millennium Development Goals. Then there are just goals. What we thought in Korea, which we have tried to share with the other members of the G20, is that goals are laudable, but at the same time, what about the means? If those goals could be achieved and maintained in a sustainable manner, then developing economies should be provided with the means through which that goal could continue to be maintained.

We also decided in Korea that maybe we should be putting more emphasis on the economic growth of developing countries. Regarding both these issues, the global financial safety nets, as well as development, we shared our views with other G20 member countries. They heartily agreed that these are the kinds of issues on which G20 should be focused. For that reason, in Toronto, we agreed to set up two working groups, one on the global financial safety nets and one on development. Then, through the Seoul Summit, we wish to come up with concrete outcomes for those two issues.

I will move on to the last pillar, which is outreach. As I have already told you, it was the firm belief of my President that we should be reaching out to non-G20 member countries. Yesterday, there was a question coming from the audience; when will Morocco be able to sit at the G20 table. I am the Outreach Ambassador for the G20 in Seoul, as has already been introduced to you. For that reason, I have been travelling extensively.

I have a joke, which is that if you come and visit those non-G20 countries, there are 172 different reasons why those countries should be present at the G20 table. At the same time, it is not practical. Within the G20, there is a feeling that 20 countries is already too many. We have to fill the gap between those 172 countries who wish to sit at the G20 table and the G20 countries, who think 20 countries are already too many. We thought that maybe we should appoint an Outreach Ambassador and make him travel to all those non-G20 member countries. We thought that maybe this was one of the best ways to deal with this expectation of non-G20 member countries.

For the past few months, I have been travelling very, very extensively. I have been to Santiago in Chile, to meet with representatives of the Rio Group and to Addis Ababa, to meet with the African Union. I went to Cairo, to meet with the Arab League and to Vietnam to meet with Asian leaders. I went to Helsinki to meet with five Nordic countries and three Baltic countries and to Moscow to meet with Commonwealth of Independent States (CIS) representatives etc.

I have to tell you that it was a very, very enriching experience. It was enriching for me, as we prepare for the G20 Summit in Seoul, but at the same time, it was an enriching experience collectively for the G20 as well. What I am planning is this. I am planning to write and file a report towards the end of this year. I will then try to share it with the French Presidency in 2011 as well as the Mexican Presidency in 2012. This means we will be able to continue in these efforts to explain to non-G20 member countries what G20 is about. However, more importantly, we will ensure that their views are reflected in the G20 process.

Finally, I was listening to Jim, as well as Samir, regarding what they said about the balance between legitimacy and effectiveness. In fact, that relates to a very important question, which is very important in the minds of G20 leaders as well. What we think is this. At the end of the day, legitimacy may be something which is very difficult for the G20 to claim. Why? It is because there is no explicit mandate being provided to the G20 member countries. At the same time, this is something which we can make up, through being more effective.

I also think there is a serious question about how to define effectiveness. In my mind, I think there should be two different kinds of effectiveness. First of all, the G20 should continue to deliver. That way, it will be effective. At the same time, that delivery would not only be in view of the national interests of the G20 countries around the table. It would have to be a delivery which would reflect the interests of the global community at large, of all 192 countries. That is the way we look upon the relationship of the G20 and non-G20 member countries, as well as other international organisations. We very much hope that through the Seoul Summit, we will be able to make a contribution to the G20 process. It will come out as a credible addition to the universe of all those institutions for global governance.