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<th>Title</th>
<th>G20 Summit : how Asia can strengthen its voice</th>
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G20 Summit:
How Asia Can Strengthen its Voice

Pradumna B. Rana

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The G20 provides an unprecedented opportunity for Asian countries to be heard on matters related to international economic policies. How can Asia further strengthen its collective voice at the G20 Summits?

THE G20 Summit is a process that is still evolving. No one can predict how and where it will end up. The group was self-appointed as the “premier forum for international economic cooperation”. There are important questions related to membership and agenda which need to be addressed. But, like it or not, the process is here to stay.

In Pittsburgh, President Obama categorically announced that the G20 would replace the G8. Two G20 Summits are planned for this year – in Toronto this month (26-27 June) and in Seoul in November. The Toronto Summit is, among others, to take stock of the implementation of exit strategies from the expansionary monetary and fiscal policies of the world’s major economies. The Seoul Summit has selected two additional longer term issues for discussion. The first is financial safety nets to better insulate emerging markets from systemic instability. The second is actions to close the development gap, especially for the poorest. Issues related to climate change could also be addressed in the G20. So how should Asia respond?

How Should Asia Respond?

Asia is represented in the G20 by six countries – China, India, Indonesia, South Korea, Japan and – if it is defined as part of Asia -- Australia. In addition to pursuing their bilateral agenda, say with the United States or the European Union, how can the Asian members of the G20 jointly synergise and leverage their growing economic and political clout into more effective participation in the G20? How can Asia collectively strengthen its voice in the G20? Three suggestions could be offered.
First, realising the centrality of ASEAN in Asian regional architecture, Asian countries should lobby to formalise the membership of the ASEAN representatives in the G20. Under the present G20 practice of inviting representatives of regional groupings, the ASEAN Chair and the ASEAN Secretary General participated at the London and the Pittsburgh Summits. The ASEAN Leaders’ Statement from the Hanoi Summit of 9 April 2010 states that “ASEAN strongly believes that it can contribute to the deliberations of the G20 through the continued participation of the ASEAN Chair and the ASEAN Secretary General in the future G20 Summits”. In addition, however, strong diplomatic efforts are required by Asian countries to formalise and regularise the participation of ASEAN representatives in future G20 Summits.

Second, Asian countries should organise meetings of the “expanded” ASEAN+3 just prior to the G20 Summits to coordinate policies and develop common views and opinion to support the participation of the ASEAN representatives in the G20. After the Asian financial crisis, a number of fora for policy coordination have been established such as the Executives’ Meeting of East Asian and Pacific Central Bankers and the ASEAN Surveillance Process. Among these, the most comprehensive and the one with the strongest technical support is the ASEAN+3 Economic Review and Policy Dialogue (ERPD) which brings together finance ministers and deputies of 13 countries (ASEAN plus China, Japan, and Korea). A system to monitor financial sector vulnerabilities and early warning systems of banking and financial crises have also been established. Recently Singapore announced that it would establish an ASEAN+3 Macroeconomic Research Office by May next year to support the ASEAN+3 ERPD.

Reflecting their growing economic weight and linkages with other countries in the region, India, Australia, and New Zealand should also be invited by the ASEAN+3 to join their policy coordination meetings. The deliberations of the “expanded” ASEAN+3 prior to the G20 Summits would provide a robust agenda for the ASEAN representatives to table at the Summit.

Global Governance Group

Third, Asian countries should coordinate their views and positions with those of developing countries in other regions of the world by joining and supporting the informal Global Governance Group (or the 3G) convened by Singapore under the auspices of the United Nations. This Group presently comprises about two dozen small and medium states from around the world (of which six are from Asia/Pacific - Brunei, Malaysia, New Zealand, Philippines, Singapore, and Vietnam) which have come together to develop a constructive dialogue on coordination and cooperation between G20 and non-G20 members.

The 3G has put forward several important ideas in a UN document. The UN Secretary General should be an active participant in all aspects of the G20 process. The G20 should also undertake consultations as widely as possible with the non-G20 members before the G20 Summits. Further, the G20 should allow non-G20 states to participate in ministerial and other gatherings and working groups involving senior officials/experts on specialised issues. And finally, the G20 should continue the practice of inviting established regional groupings to the Summits.

The G20 has provided an unprecedented opportunity for Asian countries to be heard on the reform of international monetary and financial architecture and other issues. The onus is now on the Asian countries.

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