



UNIVERSITY OF
TORONTO

MUNK
SCHOOL
OF
GLOBAL
AFFAIRS

Join the Global Conversation

G20 Research Group

Creating a More Global Collaborative

Asian Leadership for the G20:

Report

Conference at the Shanghai Institutes of International Studies

October 21-23, 2010

Alan S Alexandroff, Director Online Research, Munk School of
Global Affairs, University of Toronto

David Shorr, Program Officer, The Stanley Foundation

With Evelyn Chan, Rapporteur

Executive Summary

On the eve of the first G20 summit to be hosted by a Asian country the Centre for International Governance Innovation (CIGI), The Stanley Foundation (TSF), The Munk School of Global Affairs, University of Toronto, the Lowy Institute and The Shanghai Institutes for International Studies (SIIS) invited leading experts to Shanghai to evaluate the prospects for collaboration and leadership by key Asian nations. The conference sessions focused on the Seoul agenda and the perspective of the summit's Korean hosts, the perspectives from the large emerging market powers, perspectives from the traditional advanced countries, other Asian countries including Singapore and Vietnam as well as the prospects for collaboration more broadly. The main observations and recommendations stemming from the conference were:

- Notwithstanding the G20 summits' legitimacy advantages over the traditional G8 leaders summits, the G20 has not yet solidified a permanent role;

- In the view of participants, the immediate challenge for the G20 is to follow through on the commitments and agenda from previous summits—particularly financial stability, governance reform for the Bretton Woods institutions, and strong, sustainable and balanced economic growth. The more ambitious vision of a G20 tackling the full sweep of the global multilateral agenda, while championed by some participants, was resisted by many.
- A few issue areas seemed somewhat logical directions for an expanded G20 agenda in the near- to medium-term. Korea has been pressing the topics of growth-led development and “green growth.” Other participants suggested the G20 leaders summit deal with the climate change financing issues in the Copenhagen Accord. And the G20 has already been discussing elimination of fossil fuel subsidies;
- All participants agreed that currency and exchange rates had become a major challenge for the G20 leadership. Although the Seoul summit might not fully resolve exchange rate friction, finding a framework for rebalancing between account surplus and account deficit countries would help multilateralize the currency issue and avoid a heated and possibly unhelpful bilateral US-China exchange over the dollar-renminbi exchange rate;
- While Korea’s new approach to the development agenda drew praise for its comprehensiveness, rigor, and emphasis on local ownership, participants were concerned that the nine-pillar plan being prepared for Seoul may be seen as insufficiently concrete or connected to traditional donor-oriented development strategies promoted by the G8;
- Participants were impressed with Korea’s outreach process to non-G20 nations, regional bodies and key international institutions, especially the UN Secretary General;
- Korean participants also described possible models for the establishment of a G20 secretariat to further support summit preparation, implementation and monitoring of national commitments, and the preservation of institutional memory;
- China’s well-known reluctance to embrace multilateral leadership clouds the picture for future global governance. While Chinese experts cite the many decades the United States took before embracing global leadership in the mid-20th century, the challenges on today’s international agenda could make it harder for China to resist pressures and expectations for its leadership. China’s desire to protect its independence and freedom of action, especially over domestic economic matters,

is understandable yet could erode the strength of the very global system that enabled China's rise. These tensions between sovereign prerogatives and the global economic commons are already emerging in the efforts of the G20. Conference participants from outside China noted sympathetically that expectations of Chinese leadership might be unfair and yet unavoidable;

- Despite the conference theme of collaboration among the Asian G20 states, participants resisted notions of special regional interests or a regional agenda in global forums. In part, this reflected concern that such collaboration could be a slippery slope to establishing an Asian caucus and afflicting the G20 with the same political bloc dynamics that have bedeviled the UN. But participants also offered their assessment that the nature of the 21st century agenda promoted shifting coalitions on a variety of issues. It was also pointed out that the European countries caucus and largely avoid the label of a bloc. Such consultation in Asia may prove helpful in helping to fashion policies in global governance, though little appears to be occurring at present.

The emergence of the G20 summits as an important multilateral forum reflects a turning point in the changing global order in response to shifts in the distribution of economic power. The increase in Asian seats at this "High Table" of global diplomacy is likewise significant beyond mere symbolism, indicating the increased influence of key Asian states. But it is less clear whether this broader Asian inclusion is accompanied by practical collaboration on their substantive concerns—or whether these states are embracing greater leadership responsibilities.

The Shanghai conference benefited from participants from all the Asian G20 countries except Japan (our Japanese colleague reluctantly had to cancel), as well as from Vietnam, Singapore, Canada, and the United States. Participants discussed the challenge for the G20 to its momentum; its potential for managing other transnational problems; and the role of US and China in forging a new multilateral world. A number of key questions remained open after thorough deliberation. Should the G20 mandate expand beyond global financial and economic matters? Should Asian G20 countries consult with each other more—not to create a regional caucus, but to develop through consultation ideas that could be taken to the whole G20?

The hosts of the upcoming summit are pressing the so-called 'Korean initiatives', which would add growth-oriented development, new financial safety nets, and regularizing G20 outreach to its agenda. Korean participants in Shanghai noted that their country's experience from the 1997 financial crisis (not to mention the ROK's

transformation from post-war devastation to OECD membership) gives it special credibility. As one participant noted, Korea's middle power status makes it well situated to serve as a harmonizer between the status quo G7 countries and status-challenging BRICS+ countries. More immediately, the challenge for Korea is to both preserve momentum on legacy issues from past summits and build consensus on issues that would extend G20's mandate into the future.

On the financial agenda, Korean participants noted recent progress 'legacy' items on financial regulation via the approval of Basel III. Looking towards a stronger safety net system, Korean officials have worked with the IMF to improve flexible credit lines and introduce precautionary credit lines and globalization stabilization mechanisms. These reforms provide a buffer for reserve-poor states and also contribute to a broader effort to reduce self-insuring accumulation of foreign reserves and help lessen the imbalance between capital account surplus and capital account deficit states.

On the growth-oriented component of Korea's development initiative, delegates praised it as a substantive break from previous G8 approaches to global poverty. In the past, host countries simply sliced out a specific aid issue, usually related to the Millennium Development Goals, and sought funding pledges from others at the summit. A Korean delegate argued that these summit pledges were ineffective in tackling development challenges as well as out of touch with the needs of low-income countries. Korea has worked closely with South Africa in the G20's new Development Working Group and consulted with low-income countries to develop the nine-pillar development plan for the Seoul summit. The initiative was praised as being more comprehensive and effective, presumably, by its long-term multi-year action strategy, which includes mechanisms to evaluate developmental needs and a transition plan for France and Mexico to monitor commitments to development initiatives.

Korean participants also highlighted their country's extensive process of outreach to non-G20 nations. Summit conveners have consulted with regional bodies, international institutions and have met with non-members on a regular basis to report back to G20 members. "Korea's decision to extend invitations to the United Nations Secretary General as well as to five non-members, Singapore as Chair of the 3G (Global Governance Group), Vietnam as the Chair of ASEAN, Spain and Ethiopia and Malawi as the Chair of NEPAD and the African Union respectively", would, Korean officials hope, "go a long way to address the representation deficit problem." It was also proposed that leaders at the Seoul summit should establish general

operating principles for the invitation of non-G20 members and devise a scheme for the rotation of chairmanship.

The potential establishment of a secretariat structure is aimed at systematizing summit preparations, implementation and monitoring of commitments and the preservation of institutional memory. Alternatives to the traditional notion of a secretariat were raised, including a 'secretariat-non-secretariat' model and a two-tiered approach. The former suggests a revolving secretariat based on a "management troika" with Sherpas of the preceding, present and next summit hosts at the center. The two-tiered approach would add a permanent technical staff responsible for monitoring, archiving, record keeping and evaluating. Given sensitivities that a permanent secretariat would feed concerns about G20 usurpation of the UN, this could start with the experiment of a cyber or virtual secretariat.

There was a general agreement among participants that the G8 is an exclusive club that no longer reflects current global power distribution. The elevation of the G20 in global governance is a significant step in bringing emerging market and developing states into the global decision making process. Nevertheless the fact that the G20 is a self-appointed body—without clear mechanisms to represent non-members, international institutions and regional bodies—inevitably raises questions of legitimacy.

There were differences among participants regarding whether the G20 should expand membership, to whom and how it should institutionalize a membership selection process. Chinese participants were quite cautious about expanding membership. In the view of several Chinese scholars, it is too early to talk about expansion and representation at this stage in G20's development. Increasing membership now could decrease the effectiveness of the body, overwhelm or draw the agenda away from global economic challenges. Expansion can only exacerbate the collective action problem. In contrast, other participants portrayed the membership issue as essential to the longevity of the G20. One American participant noted if it fails to address structural questions like membership, the "G20 can over time follow the way of the G8 and UN Security Council where membership is out of step with the real world". One possible scheme would recalibrate G20 membership every five years, automatically choosing the top two economies from five or more regions and ten economies after that. Although extending invitations to regional groups such as ASEAN is a positive step, one participant noted that these organizations cannot represent all small and medium-sized countries. Moreover,

summit leaders have not invited all regional bodies from all regions, noting the absence of Gulf Cooperation Council and Latin American bodies. To ensure fuller representation of non-members, the 3G representative from Singapore echoed support for a variable geometry mechanism to allow non-members to participate in ministerial and working groups.

Several scholars agreed that the G20 should develop closer institutional ties with the United Nations, with its highly developed structures for consultation and implementation. Given that the G20 is informal and can only deal with issues via the crude political will of world leaders—owing to its lack of a treaty mandate or implementation capacity—the G20 inevitably has to work with the UN as well as with other international bodies to consult and coordinate on policy measures. A scholar from Vietnam also echoed that without a membership structure, it would be difficult for small and medium countries to see the G20 as a legitimate body. He proposed that the G20 develop a mechanism to formalize the participation of regional institutions.

Report

Shanghai Conference Purpose

In the realm of global governance and multilateral cooperation, there is no clearer sign of Asia's growing prominence than the composition of the G20 Leaders Summit (G20), where Asian participation has grown from one G8 member – Japan - to six in the G20 - Australia, China, India, Indonesia, Japan, and the Republic of Korea. The increase in Asian seats at the “High Table” of global diplomacy – especially with the addition of India and China – is significant beyond mere symbolism. But this adjustment of global governance leadership to reflect the increased influence of key Asian states has not been accompanied, it appears, by practical collaboration on their substantive concerns—notwithstanding the many Asian regional organizations and the Asia Pacific Economic Cooperation (APEC).

This Conference was designed to bring together experts – academic, policy and former practitioners – to evaluate the prospects for collaboration, and to encourage, where possible, such collaboration. It uses the attitudes of Asian G20 members toward the group's agenda and process to examine whether the rudiments of an Asian global governance agenda can be gleaned from their respective priorities. Is there significant common ground on global governance issues ranging from economic and financial regulatory issues to climate change and peace and security? With that identified, the Project then hoped to assess these national priorities against the objectives of the G20 and other key multilateral fora - and thereby

explore the likelihood of cooperation by these Asian members.

Raising questions over the prospects of cooperation in turn illicit other important questions including further adjustments to the international system. Can the experts affirm, and describe, how such an enhanced Asian presence in this enlarged members club needs further recognition and reform? If such influence is still largely unacknowledged, can the experts describe how such collective influence can be constructively drawn for the G20 Leaders Summit? Especially for the large emerging market countries – India, Indonesia and China - is there an appetite for leadership? If there is, how can such leadership be fostered? If not, how can such leadership be encouraged?

This gathering of experts in an informal setting was proposed so that experts could describe diplomatic cooperation and convergence in the region and evaluate the contribution such leadership could make toward solving the significant challenges on the G20 agenda. Where collaboration is seen as notably absent, the experts could also indicate what shifts in national perspectives might be needed to develop common perspectives in the G20 and other key forums.

Partners

The Centre for International Governance Innovation (CIGI), The Stanley Foundation (TSF), The Munk School of Global Affairs, University of Toronto, The Shanghai Institute for International Studies (SIIS) and the Lowy Institute agreed to become partners in staging this Conference at SIIS.

Seoul Summit Nov. 11th-12, 2010

Approaching the Seoul Summit

The G20 Leaders summit in Seoul, Korea reflects a turning point in the changing global order. The global financial crisis in 2008 transformed the G20 Finance Ministers and central Bankers into a Leaders Summit. By the Pittsburgh summit in September 2009, the G20 Leaders summit became – self identified by G20 leaders - the prime forum to deal with global economic issues. With the inclusion of the large emerging market economies, like China and India, the G20 leaders summit represents possibly the institutionalization of a new multilateral order that reflects real shifts in global economic power redistribution particularly in Asia. On a

normative level, there was a general consensus among Shanghai participants that the international architecture *should* reflect these changes. For these participants the G20, as opposed to the G8, *is* a more legitimate and effective body to deal with global financial and economic issues. The major question is therefore not whether the G20 should continue but how can the G20 stay. The debate among Conference participants centered on the G20 and how it can sustain the momentum from the earlier summits; the potential for the G20 to manage other transnational problems; and the role of US and China, in particular, in forging a new multilateral world. Should the G20 expand its mandate beyond global financial and economic matters? Should the G20 remain an informal leaders' forum or become a more institutionalized body?

Challenges for the Seoul Summit

From the perspectives of the Korean participants, the Seoul Summit represents an important point in the transformation of the G20, moving from a crisis committee to a more permanent steering committee on global economic issues. To consolidate the G20 as the premier international forum, it is important that the Seoul summit be able to sustain cooperation on agenda items that were introduced in earlier summits including Pittsburgh and Toronto summits: coordination of macroeconomic policies of individual countries; international financial institution (IFI) reform; and financial sector regulatory reform.

Korean officials also seek to achieve consensus or forward cooperation on the so-called 'Korean initiatives', which adds growth-oriented development, financial safety nets and outreach to the agenda. Korean delegates noted the country's experience from the 1997 financial crisis (not to mention Korea's transformation from a devastated war ravaged economy to a strong OECD economy) adds credibility to the development agenda and can help move the G20 beyond the crisis focus agenda. As one participant noted, Korea's middle power status makes it appropriately situated as a harmonizer between the more status quo G7 countries and status-changing BRICS+ countries. However a Korean scholar also identified a more parochial intent, in that it is in Korea's national interest to focus the agenda on structural and institutional questions. Given Korea's G20 membership is the first time Korea has been invited to host a leaders' summit, and a major international meeting, consolidation of the G20 as a formal body can sustain Korea's engagement in global decision-making on economic affairs. In this view, the Seoul summit may be used as forum and platform for middle-power countries like Korea to advance

further discussion on formalizing G20 mechanisms and procedures. The challenge for Korean officials is to balance the Seoul Agenda between sustaining momentum on legacy issues from past summits and achieving consensus on issues that would extend G20's mandate into the future.

Seoul Agenda: Objectives and Possible Achievements

On the issue of financial safety nets, Korean delegates note that progress has been made, especially on 'legacy' items from previous commitments on financial regulation and by securing the approval of Basel III. Korean officials have worked with the IMF to improve flexible credit lines and introduce precautionary credit lines and globalization stabilization mechanisms. These reforms provide a buffer for reserve-poor states, contributing to a broader effort to reduce self-insuring accumulation of foreign reserves and the lessen imbalance between capital account surplus and capital account deficit states.

On the growth-oriented component of the development initiative, delegates praised it as a substantive break from previous G8 approaches to global poverty. In the past, host countries selected a specific aid issue, related recently to Millennium Development Goals and persuaded other members to pledge support. A Korean delegate argued that these summit pledges were ineffective in tackling development challenges as well as it was out of touch with the needs of low-income countries. Korea has worked closely with South Africa to establish the Development Working Group and has consulted with low-income countries to develop the nine-pillar plan that will be released at the Seoul summit. The initiative was praised as being more comprehensive and effective, presumably, by its long-term multi-year action strategy, which includes mechanisms to evaluate developmental needs and a transition plan for France and Mexico to monitor commitments to development initiatives. As one Korean participant commented, addressing global imbalance goes beyond trade imbalance. Emerging markets and developing countries have significant infrastructure needs. The Korean initiative on growth-oriented development addresses these structural development gaps.

Korean delegates also highlighted that significant process that Korea has undertaken on the question of outreach. Summit officials have consulted with regional bodies, international institutions and have met with non-members on a regular basis to report back to G20 members. "Korea's decision to extend invitations to the United Nations Secretary General as well as to five non-members, Singapore

as Chair of the 3G (Global Governance Group), Vietnam as the Chair of ASEAN, Spain and Ethiopia and Malawi as the Chair of NEPAD and the African Union respectively”, would, it is hoped by Korean officials, “go a long way to address the representation deficit problem.” It was also proposed that leaders at the Seoul summit should establish general operating principles for the invitation of non-G20 members and devise a scheme for the rotation of chairmanship.

During the workshop, three membership models for non-G20 members were raised. “If the future of the G20 is agenda-based then a variable-geometry approach is appropriate for membership. If the focus is on regional representation, then membership should be determined on a floating-basis. If G20 membership is based on more normative principle of democratic representation, leaders should devise a constituent system.” A Korean participant also stressed the need for a more institutionalized division of labour between the G8 and G20. Various joint initiatives could be undertaken between the two bodies, such as inviting the G20 chair to the annual G8 meetings, holding joint Sherpa meetings and drafting joint work accountability reports.

The agenda issue regarding the establishment of the secretariat reflects concerns for a more structured and systematic approach to summit preparations, implementation and monitoring and the preservation of institutional memory. Korean participants recognized the criticisms against the creation of a secretariat, especially for its lack of cost efficiency. Nevertheless one scholar stressed that it was important for leaders to start a dialogue and establish the direction for a gradual approach to institutionalization. Alternatives to the traditional notion of a secretariat were raised, including a ‘secretariat-non-secretariat’ model and a two-tiered approach. The former suggests a temporary secretariat that consists of a staff that manages summit preparations, communication and negotiations and sets the agenda. The latter suggests that in addition to the management Troika – sherpas from the past, present and future hosts - there is a fixed body that would be accountable to the Troika and whose technical staff would be responsible for monitoring, archiving, record keeping and evaluating. It need not be a highly bureaucratic or a formal institution as one scholar suggests, but it could start as a cyber or virtual secretariat. To address these mid-to-long term structural questions, it was also suggested that the G20 form a vision group with a two-year mandate to deal with questions of membership, chairmanship and alternative models for a secretariat.

Measuring Success at Seoul: the Challenge of the Currency Debate

Delegates were divided over establishing a criterion to measure success. Consensus on the development initiative, argued by some, would reflect a major achievement, as it would help consolidate the G20 and move it away from financial and macroeconomic issues. As the world recovers from the financial crisis and the crisis *raison d' être* of the G20 wanes, agreement on the Korean development initiative is a step forward in establishing a post-crisis mandate for the G20. At the same time participants recognized that the salience of the currency debate may overshadow any consensus on development. As one participant noted, the key lever to global rebalancing is the currency issue. Although, the Seoul summit may not resolve disagreements over the appreciation of the Chinese renminbi, some suggested that an agreement between surplus and deficit countries to take action would be a positive direction. Some suggested that the currency debate could be couched within the G20 Strong, Sustainable and Balanced Growth Framework (SSGB) and within a multilateral setting such as the G20. As one participant maintained, the issue of global imbalance is not only tied to China's undervaluation of the renminbi, but the United States needs to increase fiscal spending and address high unemployment and infrastructure needs. Quantitative easing by a reserve currency country can have leakage effects. There continues to be concern by large emerging market countries such as China and Brazil and also current account surplus countries like Germany that quantitative easing by the United States will have negative spillover effects.

Other issues for the Seoul summit to achieve are consensus on IFI reform and green growth. The apparent agreement by G20 members over the details to increase IMF vote shares of BRIC countries, and to transfer two chairs on the IMF's Executive Committee from Europe to emerging market countries would prove to be a major achievement. Progress on green growth, as one Vietnamese scholar indicated with a commitment by industrialized nations to assist developing countries through technology transfers, knowledge sharing and financial assistance and incentives also would be a positive outcome. Participants from Vietnam and from Singapore also suggested that the establishment a concrete timeframe to conclude the Doha round negotiations would be well received, especially from developing countries.

Sustainability of G20 as an Institution

Accountability: Meeting Short and Long Term Goals

On the question of the institutionalization and longevity of the G20, country participants were divided about whether the G20 can or should widen its mandate. Accountability and meeting agenda objectives would, according to some participants, send the message that G20 leaders can cooperate and deliver on important issues. Chinese participants were strongly of the view that the G20 needed to prove its effectiveness first in meeting its current economic mandate before venturing beyond to other subjects. Efficiency and accountability were identified as two principals that were crucial for the sustainability of the G20. As one American delegate noted, "G20 leaders should not overpromise at this stage but deliver on a small steps that it [G20] can actually achieve. Leaders have to watch for the expectation gap, the world will expect solutions." At the same time, participants, especially from the Korea and other G7 countries noted that post the financial crisis, the G20 needs to have a more definable function. The G20 leaders were brought together by the urgency of the financial crisis and as the global economy recovers, the G20 must address other common challenges to convince the world of its continuing relevance.

There was wide consensus that in the short term, G20 leaders must reach consensus on IFI reform and address foreign exchange rate imbalances. Addressing the development needs of emerging economies and low-income countries was recognized as an integral issue for the G20. However, there was a greater divide among participants on G20's long-term goals.

Many of the Chinese participants, as noted above, expressed concern over widening the agenda to include issues beyond financial and macroeconomic matters. As one Chinese scholar pointed out, the G20 cannot replace existing international organizations. "The ultimate implementer on security issues is the UN Security Council. Quota reallocation in the IMF will be implemented by the IMF. If countries move to implement the Doha Development Round on trade, it will ultimately be done by the WTO." However, on the global economy, as a Chinese scholar noted, the world lacks a very high level mechanism to deal with global economic and financial issues. Many Chinese participants urged that given the current nascent and evolving

stage of the G20 and a general division of labor among existing international organizations, the G20 should focus its attention on global economic issues. This was also echoed by the Singapore participant, who found that security issues - nuclear proliferation and Security Council reform - should remain in the purview of the UN.

A Korean participant, however, suggested adding human security and climate change to the G20 agenda. The latter issue received more support, as development is linked to sustainable growth, energy scarcity and climate change. If one of the objectives of the G20 is to raise the standard of living in developing incoming countries, this will inevitably put a strain on the environment, as one American participant noted. The rise of the middle class population in China and India is normatively a good thing, as it lifts a significant population out of poverty. Yet at the same time, this emergence of new middle classes in these countries will increase carbon emissions and put on a strain on natural resources.

The globalization of threats and challenges and the reality that countries are increasingly mutually vulnerable renders it necessary for G20 leaders to think long term. As one American participant put it, “there is a deficit in the demand for global governance and the supply for it.” Rather than replacing other global institutions, the G20 can provide direction and help shape the agenda of other international organizations to deal with transnational problems. Because the G20 includes large emerging economies and reflects shifts in political power, it is as one American participant stated, “the G-20 is all we have in the way of informal multilateralism that has inclusiveness of 21st century world”. The global shift in power, he maintains, is not only along economic lines, but political ones as well. Therefore to leave political security problems within the G8 neglects real power shifts that gave impetus to the G20 in the first place. There is a common interest among states to solve problems. Expansion of the G20 mandate is a form of “positive security” as one participant put it, for states to actively deal with global challenges. The status quo and institutional inertia is not in the national interest of states in a highly globalized world. Emerging powers seek a seat at the table, not only for stature, but there is a substantive reason for their desire for participation in global governance.

Legitimacy: Outreach, Representation & Membership Structure

There was a general agreement among participants that the G8 is an exclusive club that no longer reflects real global power shifts. The elevation of the G20 in global

governance is a significant step in bringing emerging market and developing states into the global decision making process. Nevertheless the fact that the G20 is a self-appointed body, and there is a lack of an institutional mechanism to represent non-members, international institutions and regional bodies, raises the question of legitimacy. There were differences among participants regarding whether the G20 should expand membership, to whom and how it should institutionalize a membership selection process. Chinese participants were cautious about expanding membership. According to several Chinese scholars, it is too early to talk about expansion and representation at this stage in G20's development. Increasing membership now could decrease the effectiveness of the body, overwhelm or draw the agenda away from global economic challenges. Expansion can further exacerbate a collective action problem, which already exists with G20 members.

In contrast, other participants linked the membership process to the longevity of the G20. As one American participant noted that failing to address structural questions like membership, the "G20 can overtime follow the way of the G8 and UN Security Council where membership is out of step with the real world". It was suggested that the G20 recalibrate its membership every five years, choosing the top two economies from five or more regions and ten economies after that. Although extending invitations to regional groups, like ASEAN is a positive step, one participant noted that these organizations cannot represent all small and medium-sized countries. Moreover, summit leaders have not invited all regional bodies, noting the absence of Gulf Cooperation Council and Latin American bodies. To ensure fuller representation of non-members, the 3G representative from Singapore echoed support for the variable geometry mechanism to allow non-members to participate in ministerial and working groups.

Several scholars agreed that the G20 should develop closer institutional ties with the United Nations, which has years of experience in development and implementation capacity. Given that the G20 is informal and can only deal with issues in a political way - lacking legal binding authority and implementation capacity - the G20 inevitably has to work with the UN as well as with other international bodies to consult and coordinate on resolutions and treaties. However there was disagreement about the role that the Secretary General (SG) should play at the meeting. While the representative of the 3G pressed that the Secretary General should be invited to G20 summits and secure a seat at the table to represent the voice of the General Assembly – the so-called 172 - an American participant noted that the SG cannot represent all members.

A scholar from Vietnam also echoed that without a membership structure, it would be difficult for small and medium countries to see the G20 as a legitimate body. He proposed that the G20 develop a mechanism to formalize the participation of regional institutions. As Chair of ASEAN, Vietnam has carried out consultative meetings as well as bringing G20 issues to discuss at ASEAN. Although a Vietnamese scholar praised this year's efforts to include ASEAN, he raised concerns that there was no mechanism to guarantee participation at next year's Summit. Formalizing regional representation was presented by the Vietnamese participant as more transparent and effective channel for small and medium states to express their views. Non-members would be more comfortable relaying their concerns to a regional chair than to approach G20 members on a bilateral basis. For instance as a Vietnamese participant noted, it would be extremely unlikely and politically unusual for Malaysia, for instance, to rely on Indonesia to convey its concerns to G20 leaders.

Asian Leadership in Global Governance

Emerging Asian Powers and G20

That Korea has assumed the duty of Summit host and that the number of Asian countries represented at this year's summit has risen suggested an important regional dynamic to global shifts in power. Participants were divided on both the empirical question of why Asian members have not set a particular regional agenda or sought greater collaboration and the normative question of whether there should be one.

Given the level of interdependency between Asian economies as well as how Japan and Korea's experience could go a long way to deal with the undervaluation issue in China, some participants were surprised by the near absence of inter-Asian dialogue. Many of the Chinese participants highlighted that the diversity in the region and particular bilateral relations renders it difficult to conceive of an Asian agenda.

Other delegates raised the challenge of creating a regional composition within the G20. As one Korean participant noted, "It seems to me it is not in the interest of the G20 to have common Asian positions – better to have shifting coalitions on issues." Current issues on the G20 agenda, like financial reform, global rebalancing and macroeconomic coordination have not resulted in regional positions. It was also argued that it was a positive development for G20 agenda issues to cut across

regions.

US and New Global Architecture

American participants pointed out the apparent renewal of interest in multilateralism both from within the US administration and even from the wider United States public. For the first time the new 2010 United States National Security Strategy – setting out US Administration’s security framework - emphasized the importance of global institutions and new international architecture. Moreover President Obama’s leadership in renewing the START treaty with Russia, holding out the prospect of negotiation with Iran over use of nuclear power, joining ASEAN and establishing the nuclear summit reflects a new zeitgeist in Washington toward international cooperation. For the G20 to be able to sustain its momentum depends in part on America’s renewed interest in Asia and global governance.

The Dilemma of China’s Position

On the question of China’s leadership in the new global architecture, there was a clear position by the delegates from the advanced countries that China should take a greater leadership role. China was characterized by one scholar as a “part-time global player”. At the Toronto, summit, President Hu Jintao was noticeable in his clarifying China’s interest, intent and initiative. If China is to be the “largest beneficiary of globalization, it is expected to take leadership”.

Korean and Chinese participants offered different views to explain China’s reticence and reluctance. As one Korean scholar noted, there is a distinction between increasing total amount of global governance and increasing one’s share of it. The language of sovereignty and non-interference still dominates the thinking of Asian states. Countries like China and Indonesia seek a fair share in global governance rather than to increase the total amount of it. As one Chinese scholar echoed, if there is an “objective change in the international structure”, China does not want to miss out on an opportunity to participate. At the same time China will not change the current structure of global governance to increase its involvement.

Other Chinese scholars took a “Why China” position. Citing that China has only recently become a major power, a leadership role is a lot to ask of China, according to these scholars. Comparing it to the United States at the end of Second World War, it took the country sixty years to grasp global governance leadership. According to

Chinese participants, it is too soon for China to assume such a responsibility. A Chinese scholar also noted that the China's rise is not a singular phenomenon. It is complimented by the growth of other Asian economies, including Vietnam, India Indonesia and Korea. Mechanisms of cooperation in East Asia have typically originated by these small and medium-sized powers, with China acting after a period of time as an active partner.

China's reluctance to take on a leadership position was also characterized by an increasingly plural political system and varying views within China about global governance. As one Chinese delegate remarked, there is a lack of consensus within China concerning the role of the G20. On the one hand, the G20 has been credited for coordinating an effective and collective response to the financial crisis. Moreover, since the G20 includes emerging economies, like China, it is more reflective of shifts in the global distribution of power and the interests of developing countries. Most Chinese believe the G20 is a step forward in terms of enhancing the legitimacy and efficacy of the current global governance architecture. However at the same time, there remain disagreements about the future of the G20. The Chinese are puzzled about the kind of platform the G20 will become, whether it is only a forum for major powers or whether there is a role for developing countries. The second disagreement concerns the role of the emerging BRIC (Brazil, Russia, India and China) countries to coordinate effectively within the G20. Although many of the rising powers share similar visions to institutionalize cooperation and reform the contemporary global order, this coalition of emerging powers is issue-based. Further, for these countries the economies and trade relations among these emerging powers are often more competitive than complimentary. Therefore whether the G20 is an effective body to coordinate issues among emerging powers is much debated in China.

China's ambivalence was also characterized by four major dilemmas. Firstly there is a perception gap between how China views itself and how the rest of the world views China. The Chinese still view China as a large, low-income, developing country and point to definitions from the IMF, World Bank and human development indexes to highlight the developing country aspect of China. However because of its size and the aggregate and comprehensive national strength it has accumulated over the last 30 years, China's influence is global. China's status is more complex and straddles between these multiple identities.

The second dilemma presented is that although China believes the G20 is legitimate and has the potential to be the primary institution for global economic issues it is

concerned about protecting China's independence over domestic economic policies. There is a tension between China's desire for the G20 to be an effective body and its interest to preserve sovereignty and its own independence over domestic affairs. This explains in part China's ambivalence over the MAP – the mutual assessment process - that has been agreed to by the G20 leaders. China believes this mechanism should be consultative and instructive in nature, while other G20 leaders and officials believe the G20 and the tasked IMF should have more authority to intervene in order to help coordinate policies more effectively multilaterally.

The third challenge concerns China's role in managing inter- and intra-coordination: the former referring to coordination with G20 members; and the latter referring to coordination with non-G20 members. China should focus summit consultation as well as coordination increasingly with the other major economic powers - US, EU and Japan, forming a new G4 bloc within the G20. Rather than acting as a bridge between new emerging economies and G4 countries, China rather finds itself sandwiched between them.

The fourth challenge is that domestic policies are shaped by increasingly pluralized and diverse views. It is now more difficult for China to develop its own policies without taking account of international implications. For instance, China's local innovation policies, strategic industrial policies have roused strong responses by the international community. It is increasingly more difficult for Chinese policymakers to separate domestic politics from global politics.

