From St Petersburg to Brisbane

The 2013 G20 summit made significant progress towards a stronger governance framework, paving the way for the 2014 summit, write Marina Larionova and Andrey Shelepov, National Research University Higher School of Economics.

Australia assumed responsibility for coordinating the work of the G20, accepting from Russia the rotating presidency of the forum on 1 December 2013. Most commentators argue that the Russian presidency was a success in terms of strengthening the G20’s institutional framework, legitimacy and effectiveness. G20 leaders met in St Petersburg under trying economic conditions. Shifts to global growth, persisting imbalances and downside economic risks demanded that they concentrate on developing and adopting a set of measures aimed at boosting strong, sustainable and balanced growth, along with job creation, around the world. As at previous summits, these core economic and financial issues, the traditional priorities constituted the core of the Russian G20 presidency’s agenda.

Legacy of the 2013 summit

The Russian presidency managed to ensure a proper balance between its national interests and the partners’ priorities, utilizing the G20’s capabilities to respond to key global governance challenges. Consolidating members’ efforts to address core economic and financial issues, the G20 also launched work on such risks as increasing income disparities, chronic underinvestment in safe and secure modern infrastructure, and the unforeseen negative consequences of regulation.

To enhance the G20’s legitimacy, transparency and effectiveness in addressing new issues on the agenda, Russia introduced several institutional and organisational innovations in the G20 process. First, in preparation for the St Petersburg Summit, Russia released the Outreach Strategy of the Russian G20 Presidency, a comprehensive plan for extensive dialogue with “international organisations, the private sector, labour unions, youth, think tanks and academic institutions, non-governmental organisations and other actors of civil society.” Their proposals would be “carefully studied, discussed and transmitted to the G20 decision-making level.”

Active collaboration with social partners proved to be instrumental in harnessing their experts’ potential. Analysis shows that many of the recommendations agreed at these meetings were subsequently reflected in the leaders’ final documents. This success was largely facilitated by the new approach to the organisation of the outreach process: the final meetings of major outreach groups were held more than two months before the St Petersburg Summit.

The Russian presidency also managed the G20’s collaboration with international organisations effectively. Consolidating the efforts of relevant international institutions over a short period helped advance the adoption of the comprehensive action plan on base erosion and profit shifting (BEPS), as well as the high-level principles of long-term investment financing.

Second, Russia introduced a new institutional format of a joint meeting for finance and labour ministers. This meeting resulted in a set of concrete labour-market policy commitments, focusing on stimulating job creation through investment, maintaining supportive macroeconomic environments and providing adequate social protection. Building on the outcomes of the joint ministerial meeting, the leaders at St Petersburg – for the first time in G20 history – stressed that the well-being of individual people should be at the centre of the growth agenda, emphasizing that restoring strong economic growth and employment, and ensuring fiscal sustainability should be accompanied by policies aimed at increasing inclusiveness and fostering social cohesion.

Third, important work was done to strengthen G20 accountability. In time for the St Petersburg Summit, the Development Working Group had forged a forward-looking development agenda responding to the aspirations of developing countries, especially low-income ones, and complementing the existing priorities. In this regard, the St Petersburg Accountability Report on G20 Development Commitments, the first such report, was a major achievement. The St Petersburg Development Outlook requested that the Development Working Group integrate accountability into its work and produce a comprehensive accountability report every three years.

This would make the initiative launched under the Russian presidency a permanent one.

Finally, the Russian presidency demonstrated that the G20 could act as a flexible forum of global leaders that could respond to the burning challenges the world faces. The crisis in Syria, which had reached an acute stage for all summit participants, created a strong demand for the presidency to include a debate on a peaceful resolution in the agenda of “the premier forum for international economic cooperation.”

Responding to this demand, Russian president Vladimir Putin invited the G20 foreign ministers to meet on the eve of the summit. The leaders’ opening dinner was followed by a three-hour discussion on Syria that offered an opportunity for all to express their views on ways to resolve the crisis. Each condemned the use of chemical weapons. Although the summit failed to produce a comprehensive political solution on Syria, the discussions among the foreign ministers and leaders sped up the elaboration of further measures to address the problem.

Existing priorities and new initiatives

Australia has kept the most important priorities of the Russian presidency, such as financing for investment and tackling BEPS, on its own agenda for Brisbane. And, using work with international organisations to develop further policy measures on these issues. Improving job creation, labour force participation and social inclusion have also remained on the agenda. Although the Australian presidency has not organised a joint labour and finance ministerial meeting as at 2013, the labour and employment ministers met on 10-11 September 2014 and produced meaningful results, including the proposal to establish an employment working group, keeping social issues on the G20 labour agenda.

Australia’s presidency has implemented an outreach programme similar to Russia’s, with five groups of social partners holding their meetings several months prior to the Brisbane Summit. At the same time, it is still up to the Australian presidency to develop its own institutional innovations that will position the G20 as an international institution capable of finding long-term responses to economic and financial challenges, and flexibly addressing issues that demand urgent solutions. If such initiatives are launched at Brisbane, they will further strengthen the G20’s institutional framework and its role as a major global leaders’ forum. In particular, the G20 leaders could take steps to develop accountability mechanisms, revitalise the Mutual Assessment Process and institutionalise the work on long-term infrastructure financing.