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ANALYSIS

RELAUNCHING THE G20

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EXECUTIVE SUMMARY

After a positive start, the G20 has drawn increasing criticism over its loss of focus and its failure to deal with major global economic issues. This has brought into question its role as the premier forum for international economic cooperation.

In fact, the G20 has achieved a great deal. Much of the criticism is harsh, and expectations as to what it can realistically achieve are excessive. Nevertheless, there is a danger of the forum losing its way. If the G20 is to live up to its potential and contribute to a stronger and more stable international economic environment it needs to sharpen its focus and effectiveness. This requires a circuit-breaker to move away from the current approach where each year's chair largely extends the agenda and processes it inherits from the previous chair.

The G20 can learn from its own history, from the things it has done well and those that it has done poorly. Nine key lessons from previous Summits suggest that the G20 should develop an explicit multi-tracked approach where a wide range of issues continue to be discussed and advanced among G20 members through ministers and officials, but the leaders' meeting (and communiqué) is focused on a few key issues. Given the vulnerabilities confronting the global economy, the priority for leaders should be on economic issues. And the Framework for Strong Sustainable and Balanced Growth should be the touchstone and central narrative of the G20.

As chair of the G20 in 2014, Australia has the opportunity to make a clean break with the past. In particular, the careful selection and handling of the leaders' agenda could help to establish a new precedent that leaders should only focus on the priority issues and those where they can achieve meaningful outcomes.

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The G20: positive start but growing criticism

The establishment of the G20 Leaders' Summits has been a significant development in global economic leadership. This was underlined by the forum's initial response to the global financial crisis. US President Barack Obama described the G20's London Summit in April 2009 as a 'turning point in our pursuit of global economic recovery', with the G20 leaders agreeing to 'unprecedented steps to restore growth and prevent a crisis like this from happening again'.[1]

Outside observers shared the President's view. Colin Bradford and Johannes Linn characterised the London Summit as '…an enormous success in stopping the drop in the global economy, in strengthening the financial and institutional capacity of the international community to address future crises, and in pushing for national and global financial regulation reform.'[2] They even predicted that '…in coming years, the London G-20 Summit will be seen as the most successful summit in history, eclipsing the G8'.[3]

More recently, however, critics have questioned whether the G20 is living up to its role as the premier forum for international economic cooperation. Countries outside the G20 have claimed it lacks legitimacy because it is unrepresentative, despite the fact that G20 members contribute over 80 per cent of global economic output. Recent leaders' summits have been described as being little more than talk-shops that have delivered few real outcomes.

Chris Giles, writing in the *Financial Times* on 18 June 2012, in the lead-up to the Los Cabos Summit, charged that 'living up to its billing as the world's premier economic forum was always going to be a challenge for the Group of 20. After a string of failures, the task for the Los Cabos G20 summit is to stop the rot and prevent the organisation from becoming irrelevant'. He concluded: 'Despite the hype surrounding the April 2009 London summit, when leaders promised a new global economic order, the reality has been sobering.... It has the right countries around the table, but the sheer size of the G20 prevents spontaneous discussion, participants say. Sterile debates without any chance of agreement by countries to change policies are the order of the day.'[4]

What is more troubling is that public interest in the G20 agenda seems to be diminishing. 'National Perspectives on Global Leadership (NPGL)' is a joint project by CIGI and the Brookings Institution that observes how national publics in G20 countries perceive their leaders at global summits, as seen through local media reporting.[5] Its survey after the 2012 Los Cabos G20 Summit found little or no interest in issues on the formal agenda, such as financial regulatory reform and 'green growth'.[6] What captured greatest public interest were issues that were discussed by leaders in the margins of the Summit, such as the conflict in Syria.

Much of the criticism of the G20 is harsh, and expectations of what it can realistically achieve have been excessive. The G20 has shortcomings, but it is an active forum of international economic consultation at the highest level. In a highly integrated global economy, cooperation and dialogue are essential.

Nevertheless, some of the critics of the G20 have a point. Real leadership will be required from within the forum for it to realise its full potential. To date, the G20 has evolved in line with the ambitions and processes of the countries that chair it each year. The agenda has largely become cumulative. If this approach continues, the danger is that the forum will become weighed down by procedural baggage and an expanding agenda, and will lose what has been the key ingredient to its success so far – the direct involvement of the leaders and ministers of member states in dealing with the main challenges confronting the global economy. The G20 needs strategic direction and broad agreement as to its objectives, structure and processes.

As an open, trading economy, it is vital for Australia that the G20 lives up to its potential and contributes to a stronger and more stable global economic environment. As a member of the G20 Troika in 2013 – comprising the past, present and future chairs of the forum – and as chair of the forum in 2014, Australia is in a position to help make that happen. One of Australia's goals as chair of the G20 in 2014 should be to put in place arrangements that will help ensure that, as the forum develops, it will remain focused and effective.

Towards that end, it is time to relaunch the G20, building on its strengths and streamlining its operations. The first step should involve reflecting on the history of the G20 and understanding what has worked and what has not.

Nine lessons from the history of the G20

The groundwork for the inaugural G20 leaders' summit in November 2008 commenced in the aftermath of the Asian financial crisis in 1997. At their meeting in Washington, DC, in September 1998, G7 finance ministers and central bank governors proposed broadening the dialogue among systemically significant economies.[7] It was recognised that a more representative forum than the G7 was needed to deal with the global implications of the Asian crisis.

After meetings of various groupings of countries, the first meeting of G20 finance ministers and central bank governors was held in Berlin in December 1999. Its goals were 'to provide a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the discussions on key economic and financial policy issues among systemically significant economies and promote cooperation to achieve stable and sustainable world economic growth that benefits all'.[8] The new group was not a decision-making body. Its objective was to help shape the international agenda and lead by example.

From 1999 to 2008 there was an annual meeting of G20 finance ministers and central bank governors with the chair of each year's meeting rotating among members. The meetings involved discussion across a wide range of economic issues. While considered very useful by participants, the forum did not attract significant public attention. What really transformed the role of the forum was the decision of US President, George W Bush, to convene a meeting of leaders from G20 countries in Washington, DC, in November 2008 to consider ways to respond to the global financial crisis.

What the G20 provided was a more inclusive and representative body than the G8. In particular, the G8's record of engagement with emerging market and developing countries had been poor. By contrast, the key emerging-market countries considered themselves equal members of the G20. But in the end, one of the chief advantages of the G20 as a mechanism to respond to the 2008 crisis was that it existed. This meant that time and political energy did not have to be wasted on deciding who should attend a global summit.

Reflecting on the seven G20 leaders' summits to date, as well as the associated ministerial and officials meetings, it is possible to identify nine key lessons in terms of both the successes and the failings of the G20.

1) Leadership matters

The history of the G20 underlines that leadership is vital. The willingness of key countries to take responsibility for championing major initiatives is central to the G20's ability to tackle global economic challenges. It was the leadership of President Bush that resulted in the G20 leaders' process. The United States also provided leadership in launching the Framework for Strong, Sustainable and Balanced Growth at the 2009 Pittsburgh Summit that committed G20 members to '...work together to assess how our policies fit together, to evaluate whether they are collectively consistent with more sustainable and balanced growth, and to act as necessary to meet our common objectives...'[9].

The G20's history also shows that this leadership role is not limited to the United States. Other countries acting on their own or in concert with the United States or other members can be effective. The success of the 2009 London Summit depended on the leadership of the British Prime Minister Gordon Brown, who enthusiastically took responsibility for ensuring the Summit produced real outcomes, including a $US1.1 trillion package of measures that included increasing the resources of the IMF. This increase in IMF resources was also crucially dependent on the willingness of Japan to be the first country to publicly commit to lending $US100 billion to the IMF. Another critical player was the US Treasury Secretary, Tim Geithner, who reversed the previous US Administration's opposition to increasing IMF resources when he called for a $US500 billion increase in quotas along with a $US250 billion general SDR allocation.

Leadership is not just the responsibility of the rotating chair of the G20. The chair needs champions both inside and outside the forum to get things done. In 2012, for example, Japan once again championed an increase in resources to the IMF by announcing a further $US100 billion loan to temporarily increase the resources of the Fund. This led the way for other countries that wanted to make a commitment but were unwilling to be the first to do so for domestic political reasons. IMF Managing Director, Christine Lagarde, was also instrumental in achieving this outcome. What was significant about the 2012 increase in the IMF's resources was that it did not involve the United States.

2) Leaders (and ministers) need to be involved
The second lesson relates very closely to the first. The G20 is above all a political grouping. Its strength and effectiveness comes from the highest level of political involvement. Without this involvement the forum cannot achieve its full potential, overcome political obstacles and provide global leadership. Officials from member countries play important roles, but leaders and ministers have to be directly involved to achieve breakthroughs on critical issues.

The 2009 London Summit, for example, was regarded as a major success, but participants went into the leaders' meeting without agreement on the outcome. The formal agenda was largely abandoned as leaders negotiated the decisions and text of the final communiqué.

At the 2009 Pittsburgh Summit, leaders committed to advancing quota and governance reform in the IMF. The breakthrough in settling the detail to implement this commitment was achieved at the Gyeongju meeting of G20 finance ministers and central bank governors in October 2010. However, this was not reached by officials nor in the formal meeting but at a side meeting of key ministers from the G7 and the emerging markets – Brazil, Russia, India, China and South Africa (known as the BRICS).

Some of the most significant discussions at the 2011 Cannes Summit also took place between leaders in the margins of the meeting. For example, Italy's agreement to invite the IMF to carry out public verification of the implementation of Italy's economic policies on a quarterly basis was reached in a side meeting of key leaders.

The history of the G20 shows that for the forum to be effective, leaders have to be given the opportunity to lead. Officials are necessarily going to be involved in the preparation of summits and ministerial meetings, in particular to settle the draft communiqué before the meeting. Typically, they aim to avoid any discussion of the text in the actual meeting. The result, however, is often a resort to the lowest common denominator in terms of language, with large convoluted blocks of text attempting to cover competing viewpoints. Often when there has been difficulty in getting agreement on wording to advance an issue, the default has been to fall back on the language agreed in a previous communiqué.

Hence, rather than officials trying to settle everything prior to the summit, the key controversial issues should be left for leaders (and ministers) to resolve. The challenge, however, is to identify what those (few) key issues should be and when they should be put in front of leaders.

3) But leaders do not have to be involved in everything
In the lead-up to the Cannes Summit, the British Prime Minister, David Cameron, prepared a report on global governance at the invitation of President Nicolas Sarkozy.[10] The report did not attract discussion at the Cannes Summit and is only briefly mentioned in the Cannes Declaration. It was wide-ranging, and contains the important recommendation: '[G20] resources, particularly its Leaders' time and political capital, are limited. It must therefore manage its formal agenda accordingly, by balancing the changing agenda of an annual Presidency with the need to retain

focus and avoid overstretch.'[11] If the G20 is really to be the premier forum for international economic coordination, it is important to make sure this happens.

The complaint about the G20's ever-expanding agenda has been made time and time again. Typically, the incoming chair inherits a long list of legacy issues and then adds new themes. Often this overcomes any good intentions that the chair might have had to focus the agenda. For example, Mexico approached its term as the chair in 2012 with the catch-phrase 'back-to -basics', but removed little from the forum's existing agenda for the Los Cabos Summit and added its own priority items, such as disaster risk management .

Russia is chairing the G20 in 2013 and has indicated that it wants to streamline meetings and focus on outcomes. These are sound intentions. Nevertheless, the priorities identified for 2013 largely reflect those of previous years, to which Russia has added two new topics; financing for investment and government borrowing and public debt sustainability.[12]

Each agenda item also involves a large number of sub-items. For example, the agenda item on financial regulation covers the work of the Financial Stability Board and various other agencies on financial inclusion and financial literacy. Invariably, all of this work finds its way on to the Leaders' Summit Declaration. Financial regulation covered over five pages of the Cannes Summit Declaration and three pages of the Los Cabos Declaration.

Closely related to this expanding agenda has been the growing number and variety of reports commissioned for G20 summits. For example, there were over 50 reports, materials and recommendations produced by international organisations for the 2011 Cannes Summit.[13]

It is simply impossible for G20 leaders to consider all the agenda items or absorb all the material generated for their meetings.[14] This is not to suggest that all this work is irrelevant. A great deal of valuable work is done in the various working groups established by the chair of each summit. For example, under the French chair in 2011, the Commodities Study Group produced a well-researched report on the key factors influencing movements in commodity prices and the role of financial commodity markets. Similarly, also during the French chair, the working group on the international monetary system produced the Coherent Conclusions for the Management of Capital Flows Drawing on Country Experiences. This represented a set of non-binding principles that came from intense discussions between advanced and emerging markets on what is a contentious issue. It was not headline-grabbing work, but it was still worthwhile.

The challenge, therefore, is to cull the agenda for the leaders' meeting and keep it focused on the most important issues while at the same time allowing the valuable work carried out by G20 ministers and officials to continue.

4) Don't get sidetracked

One danger of a long and unfocused agenda is that it can serve as a distraction from important developments in the global economy. For example, while the G20 agenda was being expanded to cover such issues as financial inclusion, financial literacy, fossil fuel subsidies, anti-corruption, and protection of the marine environment, major issues that did not get sufficient attention by the G20 between 2009 and the early part of 2011 were the fragility of the global recovery and the intensification of the European sovereign debt crisis.

The G20 has also spent a great deal of time and political capital in unproductive debates. The best example of this was the proposal at the 2011 Seoul Summit to introduce a cap on the current account surplus or deficit of G20 members. The failure to reach an agreement on this issue led to a compromise to develop indicators of persistently large imbalances – both external (such as current account surplus or deficit) and internal (such as fiscal deficits and public and private debt levels) – that may pose a systemic risk, and 'indicative guidelines' that would identify countries that had such imbalances and needed to be assessed. A great deal of time, effort and political capital was used up in the first few months of the French presidency to agree on the indicators and the 'indicative guidelines', despite the fact that it was already clear which countries had imbalances that required further assessment. In the end, the guidelines were not published and were virtually reverse engineered to ensure that all the major economies – namely China, France, Germany, India, Japan, the United States, and the United Kingdom – were included.

5) Action builds credibility

Unsurprisingly, those leaders' summits perceived to have been most successful were the ones that were seen to take real action. The Washington Summit, for example, concluded with a specific action plan along with a timetable for implementation. The action plan heavily incorporated recommendations from an April 2008 report from the then Financial Stability Forum. While the specific recommendations may not have been new, their inclusion allowed the Washington Declaration to go beyond rhetoric. Likewise, the main headline from the London Summit was the $US1.1 trillion package of measures to restore 'credit, growth and jobs' and a $5 trillion combined fiscal stimulus package. Both helped restore global confidence, even if some of the components of the aggregate figure were more aspirational than real.[15]

Demonstrating action is not straightforward, however. Many countries went into the 2011 Cannes Summit calling for another 'London moment' through an agreement to significantly increase the resources of the IMF. Agreement was not achieved at Cannes, but commitments were made at the April 2012 meeting of G20 finance ministers to temporarily increase IMF resources by more than $US450 billion. This was a significant achievement, but it did not have the same confidence-building impact as the measures agreed at the London Summit. There were several reasons for this: the number may not have been big enough to have a major impact; the growing recognition that the problems confronting the global economy, particularly the sovereign debt crisis in Europe, were complex and likely to be protracted; and the failure of countries like the United States and Canada to contribute sent conflicting messages about the G20's resolve. But perhaps the underlying lesson was that markets are increasingly raising the bar in terms of big outcomes at leaders' summits.

6) Lack of action destroys credibility

What does, however, undermine the credibility of the G20 is a lack of action. A prime example of this has been the way that the repeated, but unrealised, commitments made to complete the Doha Development Round have damaged the G20's standing. In Washington in 2008, leaders said they would 'strive to reach agreement this year on modalities that leads to a successful conclusion to the WTO's Development Agenda with an ambitious and balanced outcome'.[16] In London in 2009 they were '...committed to reaching an ambitious and balanced conclusion to the Doha Development Round, which is urgently needed'.[17] At the Seoul Summit, the leaders said 2011 represented a 'critical window of opportunity' and 'we now need to complete the end game' and 'we direct our negotiators to engage in across-the-board negotiations to promptly bring the Doha Development Round to a successful, ambitious and balanced conclusion…'.[18] It was only at the Cannes Summit that a dose of reality was injected into the Declaration which noted that '...it is clear that we will not complete the DDA if we continue to conduct negotiations as we have in the past….To contribute confidence, we need to pursue in 2012 fresh, credible approaches to furthering negotiations'.[19]

It is even more damaging if measures agreed by G20 members are reversed or ignored. For example, a major achievement of the Washington Summit was a standstill on trade and investment protectionist measures that was extended at subsequent summits. Despite this agreement, a number of G20 members still imposed national trade restrictions that undermined the credibility of the forum, even if these restrictions did not have a significant impact on global trade.

7) Make sure the messages are clear

The communiqué issued at the inaugural Washington Summit was a tightly written document of ten pages. But just as the agenda for the G20 has grown, so too has the amount of documentation coming from summits. The 2010 Seoul Summit produced a Leaders' Declaration, a Seoul Summit Document which included the Seoul Action Plan, and annexes covering the Seoul Development Consensus for Shared Growth, a Multi-year Action plan on Development, an Anti-Corruption Action Plan and a 49-page table covering Policy Commitments by G20 members. The 2011 Cannes Summit produced a Final Declaration, a Final Communiqué, the Cannes Action Plan for Growth, the G20 Action Plan to Support Development of Local Currency Bond Markets, G20 Principles for Cooperation between the IMF and Regional Financing Arrangements amongst a host of other documents. With so much documentation, key messages can be lost. There has also been a significant increase in the length of communiqués from the meetings of finance ministers and central bank governors, with descriptive paragraphs and lengthy references to reports prepared by international bodies. The G20 process needs to replace quantity with quality, and devote more time and effort to ensuring that clear and succinct messages emerge from summits.

8) Targets and timetables can be effective, but be careful

The communiqué of the inaugural Washington Summit communicated a sense of urgency by assigning deadlines to its action items. This focused the minds of officials and ensured that actions were completed in line with the commitments made by leaders. Nevertheless, whilst the use of timelines and deadlines has become standard practice, there is often insufficient consideration as to whether the time-frames assigned to particular tasks are realistic.

Often, a key driver is simply the desire to have a task completed ahead of the next summit. For example, the June 2010 Toronto Summit agreed to draft a new framework that would raise capital standards for banks (Basel III). The framework was to be agreed by the November 2010 Seoul Summit. Yet there was little discussion of whether this timetable was appropriate or realistic given that the Seoul Summit was scheduled only five months after the Toronto Summit. In the end, new capital and liquidity standards were agreed, but questions were raised about their impact. In fact, it was later necessary to amend these standards and extend the time-frame for their implementation. A better outcome would have been achieved if more time had been allowed for their development.

Similar factors are at play with the timetable established at the 2010 Toronto Summit for implementing over-the-counter (OTC) derivatives regulation and supervision. This is a complex exercise and the full dimension of the project was not appreciated when the commitment was made. In hindsight, more time considering the extent and implementation of the reforms may have helped minimise the regulatory uncertainty associated with the exercise, particularly concerns over conflicts, inconsistencies and gaps in respective national frameworks.

The use of targets in the G20 has also focused action and helped achieve results. A major issue in the lead-up to the 2009 London Summit was the size of the fiscal stimulus by G20 members. The IMF recommended that a discretionary fiscal stimulus of two per cent of aggregate G20 GDP in 2009 and 2010 was required. This provided a benchmark to assess the adequacy of the combined response by G20 members.

At the 2009 Pittsburgh Summit, the commitment to reform the voting shares in the World Bank and the quota distribution in the IMF was given greater credibility when leaders targeted an increase of at least three per cent of voting power for development and transition countries in the World Bank, and a shift in quota shares in the IMF to dynamic emerging and developing countries of at least five per cent. This meant there was a target for the negotiations and a measure to assess whether the commitments were achieved.

But as with time-frames for action, care has to be taken in setting targets. In particular, the G20 needs to avoid being a slave to summit commitments that may no longer be appropriate given changes in global economic circumstances. For example, a major outcome of the 2010 Toronto Summit was the commitment by member countries to tighten their budgets to reduce public debt to GDP levels. Advanced economies committed to halving fiscal deficits by 2013 and stabilising or reducing government debt to GDP levels by 2016. Given ongoing weaknesses in the global economy, however, there is a real question as to whether these commitments made in 2010 remain appropriate for all countries today.

9) 'It's the economy, stupid'

The G20 leaders' process was convened to respond to the financial and economic crisis that was confronting the global economy in 2008. The London Summit was applauded as a crucial factor in avoiding a larger global recession. There was a self-congratulatory flavour to the communiqué of the 2009 Pittsburgh Summit, in which leaders declared that the world had confronted the 'greatest challenge in our generation' but 'our countries agreed to do everything necessary to ensure the recovery' and 'it worked'.[20] Similar sentiments were expressed at the subsequent Toronto and Seoul Summits.

This early confidence that the G20 had successfully tackled the world's main economic problems led to suggestions that the forum tackle other broader issues in a 'post-crisis' world. But 'victory' was declared too soon. The fact that today there is much less confidence that the world is through its economic difficulties only underlines the need for the G20 to stay focused on the threats and challenges confronting the global economy. To borrow from the campaign slogan from Bill Clinton's 1992 bid for the US presidency, 'it's the economy, stupid'.

The overarching objective of G20 leaders, supported by the efforts of finance ministers and central bank governors, should be to implement the policy measures needed to achieve stronger, more sustainable and more balanced economic growth. At the 2009 Pittsburgh Summit the leaders agreed on a mechanism to do just that – the Framework for Strong Sustainable and Balanced Growth. The Framework provides a process for G20 countries to identify the vulnerabilities in the global economy and to come up with the policies required to address those vulnerabilities and achieve sustained economic and jobs growth. Underlying the Framework is the recognition that while each G20 member bears primary responsibility for the sound management of its economy, collectively the G20 has the responsibility for the overall health of the global economy. As such, the Framework is a concept that commits G20 members to assess how their policies fit together, whether they are consistent with achieving shared objectives, and an undertaking to take the necessary action to ensure that this is the case. Through the Mutual Assessment Process, the Framework also provides a means to ensure that members implement these policies. The Framework embodies the cooperation that was the hallmark of the G20 members' response to the global financial crisis and underlines their recognition of a mutual responsibility for global economic outcome. The Framework is, however, still seen by some G20 members as a self- contained item on the leaders' agenda. What it offers, however, is a central narrative through which the G20 can present a coherent and comprehensive message of what policy steps each member country is taking to achieve enhanced economic outcomes for all.

To be effective the G20 has to be focused

The G20 has achieved a great deal. There is now a much closer dialogue between emerging-market and developed countries than existed prior to the crisis. The Framework for Strong Sustainable and Balanced Growth is an historic exercise in mutual surveillance, in contrast to what was often perceived as external surveillance by international bodies like the IMF. The G20 has helped reduce policy tensions between countries. It has contributed to positive policy developments in major emerging markets, such as China's moves towards greater exchange rate flexibility and its efforts to boost domestic demand. The G20 has helped drive a major effort to strengthen the regulatory framework for the financial system through the work of the Financial Stability Board. It has also generated significant governance reforms in the World Bank and the IMF.

But while these achievements should be acknowledged, issues relating to the effectiveness of the G20 must be confronted. The forum needs to build on what has worked, and avoid what has not. For this to happen, there has to be recognition by all G20 members that change is required.

The G20 must maintain its focus and not lose its inherent strength, namely the engagement of leaders. But to achieve this there needs to be a circuit-breaker to move beyond the current approach whereby each year's chair builds on the agenda and processes of their predecessors. Without a break with the past the G20 will be left with an ever-expanding agenda and procedures that will undermine the effectiveness and credibility of the forum.

To prepare ground for change the following approach should be pursued:

Start the conversation about change within the Troika in 2013: the Russian chair is already seeking to focus the agenda and improve the processes of the forum, and this should be fully supported. But there should also be a broader discussion within the Troika about the need for a fundamental overhaul of the G20 processes.

***Hold a high-level seminar*:** Australia, as 2014 chair, should convene a high-level evaluation seminar at the end of 2013 to discuss how G20 processes could be made more effective. It should be more than a talk-shop. There should be a pragmatic discussion on specific changes that would enhance the effectiveness of the G20. The seminar could be held back-to-back with the first sherpas' meeting under the Australian chair in December 2013.

Drawing on the outcomes from the seminar, Australia, as chair, should ***prepare specific proposals for what could be termed the 'relaunch' of the G20*** in 2014 in order to reform its procedures and agenda. These proposals should be discussed at meetings of G20 finance deputies and sherpas. The proposed changes could then be discussed at the first meeting of G20 finance ministers and central bank governors in 2014, and agreed changes adopted for the 2014 leaders' summit. In particular, Australia should make changes to the way the leaders' agenda is decided and progressed in 2014 and establish this as a precedent for subsequent years. The goal should be to keep the G20 leaders focused on the key issues, maximise their involvement in areas where they can make a difference, and ensure that the messages coming from their summits are clearly communicated.

In terms of the substance of any change, the following ideas, drawing on the lessons learned above, could form the basis for discussions to relaunch the G20:

A multi-tracked approach: rather than leaders attempting, or pretending, to cover all items on the G20 agenda, a focused leaders' agenda should be adopted alongside a single leaders' declaration or communiqué. Much of the current work within the G20 could continue at the official level and in consultation with the international organisations. The outcome of this work would be reported on a dedicated G20 website, rather than being part of the leaders' communiqué from each year's summit.

The ***meetings of finance ministers and central bank governors should also be more focused and strategic***, which would be reflected in shorter and more targeted communiqués so that the key messages are not lost.

Leaders' and ministers'/ governors' meetings should be as interactive as possible: lengthy presentations by international organisations or status reports on work programs should be eliminated. These matters should be covered in documents tabled in advance of the meetings. The practice of having many 'lead speakers' for each agenda item should be dropped. Formal set-piece interventions should be discouraged. The chair of the meeting should ensure that the discussions are focused on achieving an 'outcome'.

The measure of success for drafting leaders' and ministers' communiqués should not be a text that avoids all contentious issues: the objective of officials should always be to facilitate a meaningful discussion between leaders, ministers, and central bank governors. That means officials should focus on identifying the critical roadblocks that need to be discussed by leaders and ministers. The chair of the leaders' and various ministerial meetings should be encouraging debate, and hopefully resolution, on the areas of difference.

Keep the focus on the economy: given the considerable uncertainties confronting the global economy, the focus of the G20 leaders' and ministerial processes should remain on the economy. If the G20 is really to be the premier forum for international economic cooperation, its main focus must be on helping to stabilise the global economy and achieving sustainable economic and jobs growth. It must not be distracted and should be flexible in responding to changes in global economic conditions.

The Framework for Strong Sustainable and Balanced Growth and the MAP should be central to the G20's agenda and narrative: the Framework provides a pathway for moving to a post-crisis world that is characterised by strong, more sustainable and more balanced economic growth. It should be the mechanism that is used to respond to all vulnerabilities confronting the global economy and is flexible enough to respond to the unexpected. It should also be central to the G20's public narrative, used to demonstrate that the objectives and policy measures or member states are consistent.

The risk, however, is that the Framework and the MAP will degenerate into a routine, procedural exercise for technocrats. To avoid this happening, finance ministers and central bank governors should consider ways to strengthen the MAP.[21] These would include: ensuring that there are common goals and the need for complementary policy action; fostering an active debate between leaders, ministers and governors on key areas of dispute; keeping the Framework member-led while fully utilising the assessments undertaken by the international organisations of members' policy performance in order to enhance accountability; focusing more extensively on the 'up-side' scenarios presented by the IMF staff; and recognising the need to balance short-term policy imperatives with desirable medium-term actions.

Conclusion

Many observers of, and participants in, the G20 agree that an ever-expanding agenda is damaging the effectiveness of the forum and that it is being weighed down by a growing amount of procedural baggage. The G20 must maintain its focus, but to do so there must be a distinct break with the procedures of the past. G20 members have to collectively agree that the forum will not simply follow established practices and will in future do things differently. In this regard it will be important to learn from the history of the forum and retain what has worked, and dispense with what has not. This is a challenge Australia should take up when it chairs the G20 in 2014.

In particular, the G20 needs to build on its key strength, namely its ability to bring together the leaders of the world's most important economies to confront key global economic challenges. This means taking steps to ensure that the interest and engagement of G20 leaders is retained, including by ensuring that their agenda is focused only on the most important and unresolved issues. Moreover, given the uncertainty and fragility of the global economic environment, the highest priority of the G20 should be on restoring sustainable growth. This will continue to be the key measure of the forum's credibility and its ability to realise its potential for global economic leadership.

NOTES

[1] President Obama news conference, 2 April 2009: http://www.whitehouse.gov/the-press-office/news-conference-president-obama-40209.

[2] Bradford, Colin and Johannes Linn, The April 2009 London G-20 Summit in retrospect. Brookings Institution, 5 April 2010: http://www.brookings.edu/research/opinions/2010/04/05-g20-summit-linn.

[3] Ibid.

[4] Giles, Chris, G20 reform: time to take action – or risk irrelevance. *Financial Times,* 18 June 2012.

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