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Korea's Moment: A Look at the Upcoming Seoul G-20 Summit

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In less than two weeks world leaders will arrive in Seoul for two days of intense discussions on the current global economic recovery. Unlike the prior G-20 meetings during the crisis, the Seoul Summit will be more focused on the long-term recovery from the crisis than focused on managing the global economic crisis. The near meltdown in Greece and other European countries, along with the slow economic growth and low rate of job creation in the world's advanced countries demonstrate that the global economy has not completely put the crisis of 2008 and 2009 behind it. That said, the Seoul summit will be the first G-20 meeting without the threat of an imminent economic collapse at its doorstep.

However, the road ahead for the G-20 will arguably only grow more challenging as national interest begins to reassert itself and the shared sense of cooperation and responsibility that emerged during the financial crisis fades. The first three G-20 summits in Washington, London, and Pittsburgh at the height of the crisis are generally seen as successes that staved off economic collapse and helped to add to the credibility of the G-20 as an effective global forum for handling the world's economic problems, but the success of the summit in Seoul will go a long way towards shaping the future of the G-20. With this in mind Korea has sought to carry forward the G-20 agenda that was born in the crisis while adding the issues of financial safety nets and development to the agenda.

What the G-20 Summit Means to Korea

Since the G-20 was elevated to prominence by the recent financial crisis, all of the G-20 meetings have taken place in G-7 countries. Korea will be the first country that was not a member of the G-7 and the first nation in Asia to host a G-20 Leaders Summit. This will arguably be the one of the most important milestones in modern Korean history. While the 1988 Seoul Olympics and Korea's membership in the OECD signified Korea's emergence from the devastation of the Korean War and its rise as a modern economy, the G-20 will signify Korea's transition to a greater leadership role in the global community.

Since the end of the Second World War, most major decisions in the global economy have taken place among the G-7 countries or between the EU, the United States, and Japan in the WTO. In recent years, India and Brazil began playing a larger role in the WTO and other international forums, a role more reflective of the changes that have taken place in the global economy. Up to this point, Korea has been a rule taker in the international system, accepting the rules made by more powerful states. As chair of the G-20, Korea has begun to have a role in shaping those rules.

A New Innovation is Added to the G-20, the Seoul Business Summit

When the crisis hit in the fall of 2008, an unprecedented level of cooperation and coordination between world governments was required to avoid another Great Depression. As the G-20 looks forward towards creating sustainable growth, the private sector will play a key role in job creation. As such, Korea will be hosting the first business leaders' summit which will take place just prior to the G-20 and allow 120 leaders from some of the world's largest corporations in the G-20 and beyond to interface with global leaders on how to address the world's economic problems.

At the summit, the business leaders will provide their recommendations to the G-20 leaders in four areas of concern: (1) revitalizing trade and foreign direct investment; (2) enhancing financial stability and supporting economic activity; (3) harnessing green growth; and (4) corporate social responsibility. If successful, the establishment of the business summit and the interaction between the public and private sector in dealing with the global economic challenges will be a permanent feature of the G-20 and one of many likely critical contributions of the Seoul Summit.

Will the Seoul Summit Be A Success?

If the leaders of the G-20 endorse all of the proposals put forward, it may not be until years later when the instruments adopted and decisions made in Seoul are

put to the test that we will understand the Seoul Summit's impact on the global economy. For instances, if adopted in Seoul, it may only be when the Basel III accords are tested by the next financial crisis or if we see policy changes over the coming months that reduce global trade imbalances can we begin to see the Seoul Summit's contribution. This means that the Seoul Summit must be evaluated over time. Some signposts to consider after the Seoul Summit are the following:

- In the immediate term, have the leaders of the G-20 brought forward and made progress towards meeting the implementation goals of prior commitments? This is the standard by which many will judge the Seoul Summit and could be considered the credibility test for the G-20.
- Do any new agenda items address the core capacities of the G-20 to help further global economic stability and growth? Are those changes then incorporated into the G-20's long term agenda?
- Does the summit help to further define and institutionalize the role of G-20 as the preeminent forum for international economic cooperation? Global economic governance is currently in a transition and this is the institutionalization test for the G-20.
- Over the medium term, do we see policy changes in surplus countries such as Germany and China and deficit countries such as the United States work toward managing and lessening the global imbalances, or do they continue policies that exacerbate those imbalances?
- Over the medium and long term, do we see all of the G-20 countries committed to implement financial reforms decided at the Seoul Summit and do those reforms help these countries withstand the next financial crisis?

The Seoul agenda is a potentially ambitious one. Its ultimate success should be considered both by its immediate results, but also by how well the decisions taken on November 11 and 12 stand up over time. The Seoul Summit should be evaluated, not in an immediate news cycle verdict, but rather in the context of the progress it makes over the coming months and the long term endurance of the reforms it endorses. If the leaders of the G-20 are judicious on both counts, history will look back on the Seoul Summit fondly and as an important contribution by Korea to global economic stability and growth at a time of great change and uncertainty.