

Think 20 Summary report by co-chairs

Session 1 - "Reinvigorating Economic Growth: Macroeconomic Issues and Fiscal Sustainability" (Chairman - Sergey Guriev)

Resulting from deliberations, the key findings and recommendations of the first session to the G20 are as follows:

1. To review and report on prior commitments, fully implement "put your own house in order" commitments.
2. To monitor all sovereign obligations, not only debt, initiate long-run fiscal exposures.
3. To design sovereign debt restructuring mechanism.
4. To prevent fractionalization of the financial system. Along with sticking up to the commitment to avoid financial protectionism, it is still necessary to monitor cross-border banking and financial flows to provide view not just from the home, but also from the host countries perspectives. As for national and global SIFIs: it is recommended to hold a peer-review of stress tests. The role of BIS should be reconsidered. Finally, recapitalization should be organized basing on the stress tests and with consideration of Basel III.
5. Concerning reserve currencies, currency swaps between major central banks are to be institutionalized. Another important issue is to review and revise "reserve currency" central banks obligation.
6. To review and update debt and deficit reduction targets, and to report, why the prior commitments have not been implemented.
7. Exclude from discussion (as not important):
 - a. Exit strategies
 - b. External imbalances

Presentations by participants:

Euro area policy options to combat the debt crisis. Christian Dreger, DIW Berlin

Strategies for Reinvigorating Global Economic Growth. Rajat Kathuria, Director & Chief Executive, ICRIER, New Delhi

Reinvigorating Economic Growth: Some Comments. Sungmin Kim, Graduate School of Finance and Accounting, KAIST

Session 2 - "Trade & FDI: Tools to Restore Growth and Pave the Path towards Convergence" (Chairman - Mike Callaghan)

The summary of the discussion of the second session is divided into two parts: first, general trends and observations with respect to the international trading system; and second, specific measures that the G20 could adopt to promote trade liberalization.

Trends and observations:

- 1.** Resisting protectionist pressures and promoting trade liberalisation are critical components to reinvigorating global economic and jobs growth and advancing sustainable development.
- 2.** Trade liberalisation is not an "add on" to the G20 agenda, it is a critical component to achieving strong, sustainable and balanced growth.
- 3.** Global value chains (GVCs) are changing trade patterns. Thus, involving both the developed and the developing countries into GVCs and integrating the developing countries into global value chains is a key aspect of promoting development.
- 4.** Addressing an array of border and behind-the-border barriers is important to promoting GVCs. GVCs are driven by Trans National Corporations. FDI drives GVCs, and host country attractiveness to FDI is critical. The majority of value added is in services, emphasising the importance of progress in liberalising trade in services. Better understanding of GVCs will change perceptions over such things as the size of bilateral trade imbalances.
- 5.** Enhancing public awareness of the importance of GVCs can change public and political impediments to trade liberalization, in particular changing the perception that "exports are good and imports are bad". The challenge is to de-politicize trade policy. This can be assisted by raising public awareness of the benefits from trade.
- 6.** Protectionist pressures are growing and measures introduced by the G20 countries is growing and in particular involving non-tariff barriers not captured by the WTO. This is damaging the G20 credibility, as do the repeated calls by Leaders to conclude the Doha Development Round. The G20 needs to take meaningful and deliverable steps to further trade liberalisation, boost credibility and restore confidence among the developing countries.

7. While the Doha round appears dead, the benefits of the WTO as maintenance mechanism for open markets needs to be recognised. It remains the yard stick to judge trade measures and it has the teeth of the dispute settlement regime.

8. Problems in concluding the Doha Round has led to increased calls for a plurilateral and regional approach to trade liberalisation. It is important that these approaches are consistent and do not undermine the multilateral trading system. The developing countries are concerned they may be locked out of such of such arrangements.

9. Measures to combat climate change will have implications on trade rules.

Specific steps that the G20 could take to foster trade liberalisation and restore trust:

1. To extend the recent agreement in APEC to remove barriers from environmental goods to all G20 countries.

2. To recognize and advocate the benefits of unilateral liberalisation. To demonstrate the value of liberalisation as a driver of productivity and jobs growth.

3. To agree on eliminating all nuisance tariffs.

4. To agree to remove import barriers for trading with the least developed economies.

5. To build an independent and harmonized data basis in order to assess non-tariff barriers (UNCTAD and World Bank).

6. To discuss and analyse a better way to measure the impact of protectionist measures.

7. To advance plurilateral approaches to trade liberalisation and areas where agreement in Doha was close, such as trade facilitation. To commit to ensure regional or mega- trade agreements are consistent with the multilateral trading system.

8. To enhance the power of peer review in measuring the G20 trade measures.

9. To commit to enhance emerging markets ability to link GVCs.

Presentations by participants:

[Economic Crisis and Trade Policy: the G20's role. Ivan Oliveira, Institute of Applied Economic Research](#)

[The shifting geography of global value chains: implications for trade policy. Peter Draper, vice-chair and Senior Research Fellow South African Institute of International Affairs](#)

G20: Need for an inclusive growth agenda. Sarp Kalkan

Trade Liberalization for Global Growth: Agenda for WTO and G20. Yong WANG,
Director, Center for International Political Economy Research Peking University, PRC

Session 3 - "Enhancing Sustainable Development: Finding Enduring Sources of Shared Global Growth" (Chairman - John Kirton)

The third session of the Think 20, supported by the full plenary, came to consensus on the following recommendations:

- 1.** Development should remain a robust part of the G20 summit agenda, with the principles of the Seoul Development Consensus (SDC) serving as the platform for further action.
- 2.** The G20 summit should support the successful completion of the Millennium Development goals (MDGs) by their due date in 2015, and shape their successor, in ways that build on the SDC and the G20's priorities of green growth and employment.
- 3.** As implementation is critical, the G20 should produce what it promised, through improved accountability mechanisms, based on a better understanding of the implementation process within member governments and partner international organizations.
- 4.** It is critical to implement the Pittsburgh Summit's promise to phase out inefficient fossil fuel subsidies in the medium term as this will bring significant benefits in fiscal consolidation, climate change control, the health of poor mothers and children, the fight against corruption, the reduction of economic inequity and enhanced accountability.
- 5.** The G20 should continue to enhance food and nutrition security, in ways that prevent and control the major non-communicable diseases bred by "overnutrition," thereby enhancing human development, productivity and fiscal consolidation (by controlling soaring healthcare costs).
- 6.** The G20 should explore the potential of a multilateral investment agreement among advanced, emerging and developing economies as a source of new growth, with appropriate ecological and social protections built in.
- 7.** Energy efficiency, clean energy and the reduction of energy poverty should be a major thrust of infrastructure development and knowledge sharing, in developing, emerging and advanced economies alike.

8. The G20 should address the special needs of fragile and conflict-affected states, through a working group to support the "New Deal for Engagement in Fragile States," from the fourth High-Level Forum on Aid Effectiveness in Busan in late 2011.

9. The G20 should commission work to collate case studies of its "success stories" and promote "winning ideas," both in development and elsewhere, as a model to build on and to assure publics of the effectiveness of the forum.

To sum up, the main results of the Think 20 Meeting were:

- Transparent and overwhelming view on the challenges of modern world;
- Creation of innovative and competitive ideas on enhancing inclusive economic growth;
- Further cooperation with governments in monitoring current economic environment and mapping the G20 governments' commitments implementation.

The framework of the Meeting as well as the character and the results of the discussions were highly evaluated by the participants and guests from all the G20 countries and observers. The main results and outcomes of the Think 20 Meeting were presented at the G20 Sherpas Meeting on December 12, 2012 and passed to the Russian Sherpa Ksenia Yudaeva.

Presentations by participants:

Trade Protectionism and the Great Recession – We Have Met the Enemy and He is Us. Alan S Alexandroff, Director Global Summitry Project, The Munk School of Global Affairs

The G20 Should Initiate a Multilateral Investment Agreement. Anders Åslund, Peterson Institute for International Economics

The G20 and Development. Barry Carin, Senior Fellow, Centre for International Governance Innovation

Green Growth and Sustainable Development in G20: Performance and Prospects. Sung Jin Kang, Professor, Korea University President, Institute of Sustainable Development

Abstracts of reports of Think 20 Meeting participants

"The economic impact of migration liberalisation: evidence and issues", Anna Rosso, Cinzia Rienzo and Jonathan Portes, December 2012

"Note for the Moscow THINK 20 on Ideas for the Russian Presidency of the 2013 G20", Colin Bradford, Centre for International Governance Innovation (CIGI) in Waterloo, Canada and The Brookings Institution, Washington, D.C., USA

"Reinvigorating economic growth: Macroeconomic issues and fiscal sustainability",
Jorge Gaggero (CEFID-AR, Buenos Aires, Argentina) with the collaboration of Fabián
Amico and Romina Kupelian

"Fostering Growth through Budget Transparency, Accountability and Participation",
Rocio Moreno Lopez and Warren Krafchik

"The long-term growth scenario and the G20 Development Agenda", Federico Bonaglia,
OECD Development Centre