

Building the G20 from St Petersburg to Brisbane

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The G20 acts as a hub of international governance architecture. As such it is at the centre of a cascade of informal summit dynamics. If acting as an innovative club and hub, however, the G20 also stretches the concept of network diplomacy well beyond the traditional limits in that the G20 is connected to a host of institutions stretching from the IMF and the FSB, to a cluster of non-state actors.

The hosting of the G20 by the Russian Federation highlights both the hub/club and the diffuse network dimension. What is most unique about the position of Russia in the context of the G20 is its straddling status. As the only member of the G20 that is a member of both the G8 and the BRICS it has the capacity to choose what agenda items from other forums to bring into greater profile via the G20 hub.

Yet what jumps out is the asymmetrical nature of this straddling function. There is as of yet only an indirect institutional connection between the G20 and the BRICS – with no previous mention of the BRICS by the G20. The distinctive feature is the positioning of a BRICS caucus on the edge of the G20. BRICS Leaders consulted together on the 3rd of November 2011 in Cannes, France, before the G-20 Summit, with then Russian President Dimitri Medvedev stating that the meeting discussed "the difficulties in the eurozone" and "the necessity for the BRICS to come up with a common stance". Such a mechanism was continued at Los Cabos, with BRICS Leaders holding an informal meeting on 18 June 2012 ahead of the formal opening of the G-20 Summit. In an up-grade from Cannes, this mode of caucusing issued a short 349-word statement that addressed most of the key issues at the G20 summit, with a focus once again on the Eurocrisis and question of IMF resources and reform.

At St Petersburg, the BRICS will continue the traditional of caucusing prior to the summit, with the host Russian President Vladimir Putin meeting with Indian Prime Minister Manmohan Singh, Chinese President Xi Jinping, Brazilian President Dilma Rousseff, and South African President Jacob Zuma just before the G-20 summit begins on September 5. However, the trajectory of the BRICS meeting is more defensive in style, with the centre of attention being placed on the prospect of US Federal Reserve tapering its policy of "quantitative easing" and its implications for the emerging economies. Beyond the declaratory call for the US to be sensitive to global implications of its move to unwind monetary stimulus, operationally a collective attempt will be made to protect the BRICS economies from global turbulence through the proposed creation of a \$100 billion reserve fund.

If a significant potential initiative, though, this activity is considered on a parallel track to the G20 as opposed to being directly brought into the summit's agenda. By comparison, as witnessed by the example of fair taxation we can see that an item at the top of the agenda of the G8 summit held at Lough Erne in Northern Ireland on 17-18 June can be carried forward to the G20, facilitated by the work of a key organization, namely the OECD (notwithstanding the fact that the OECD's membership does not completely overlap with the G20's, leaving out the BRICS apart from Russia that will join the traditional 'rich country' club in 2014).

If amplifying the club dimension via the BRICS and the G8 Russia has not left out the network component, with significant emphasis on a consultative strategy. Although other parts of this approach are important pride of place goes to the B20 and the role of the Russian Union of Industrialists and Entrepreneurs. Among other features the Russia's B20 Sherpa held a separate meeting with BRICS Business Council meeting in Johannesburg on 19-20 August 2013.

If innovative, nonetheless, the Russia's priorities have been shaped by a tight perception of national interest, notably investment, anti-corruption, and energy sustainability - an orientation that is not surprising given the combination of Russia's great power traditions and political culture.

The question over the period from St Petersburg to Brisbane is whether there will be any shift in approach, as Australia moves from being in the current Troika (with Russia and Mexico) to the position of host? Whereas Russia sees itself as a pivotal power in a multipolar world, Australia is firmly identified as a middle power with niche but not structural power.

Looking back at the two significant examples of middle powers hosting the G20 we do see one major difference - a focus less on national interest and more on collective goods. South Korea's main legacy to the G20 was the drive for a developmental agenda through the Seoul consensus. Mexico's core initiative was on green growth. Although it is true that Russia did push for a framework of the Conference on commodity and energy markets the G20 Global Marine Environment Protection, this initiative was clearly subordinated to other priorities with a low-key approach around a specially created website.

In contradistinction South Korea and Mexico played down issues that could be considered their core national interests, North Korea and migration/drugs/crime respectively at the G20. In doing so they signaled that their presidencies would be directed by wider (and potentially more positive) considerations.

Such an approach also reveals the high stakes attached to the G20 for middle powers. As noted, Russia is a unique straddling country belonging to a variety of key summit organizations, the BRICS and the G8 as well as the G20. While Australia does belong to APEC and the Commonwealth, Australia's membership in the G20 provides it with amplified opportunities for issue-specific influence. Beyond the

advantages of this niche style for the collective benefit of the G20, the approach has benefits for branding Australia as a constructive actor.

In terms of specifics Australia has two broad choices both consistent with middle power diplomacy. One is to follow the lead of South Korea and Mexico and pick an initiative or initiatives focusing on collective goods. Picking a niche already on the diffuse G20 development agenda such as infrastructural development plays to this logic. Another possible option is to run with an issue such as food security, with linkage to the multilateral trade agenda.

Still there are serious problems with choosing never mind implementing any ambitious approach along these lines. Given the political realities in Australia – or at least the prospect of those realities after September 7 election with the return of a Coalition government – a far more likely scenario is one in which Australia follows the path laid out in 2010 by Canada that puts the emphasis on technical issues or a back to basics agenda centred on financial regulation with greater coordination, minimum standards and implementation. The exception to this back to basic approach may be an issue such as financial inclusion.

Whereas the ambitious niche approach implies greater risk and depends to a greater extent on agenda mobilization, creativity, and smart middle power diplomacy, the back to basics approach is risk adverse and tied in with the finance apparatus showcasing bureaucratic/regulatory competence with a narrower focus on network links. Both though can be connected with an extension of the B20.

As well as being important for Australia, the choice of paths will serve as a good barometer of the overall trajectory of the G20 in how it is being built: either a return to its original roots in the finance G20 or an aspirant albeit uneven approach of multi-issue, multi-level global governance.

The back to basics approach is attractive from a policy side and has the political appeal of reinforcing ‘managerial’ confidence. Yet if the aim is to regain the credibility the G20 as a crisis committee this approach may fall short. Leaders will feel restricted – and over matched – if the G20 only deals with financial issues, especially when there is some appetite for building a reform agenda on issues such as youth unemployment and wider social-economic issues

As Russia has demonstrated this year, even at a time when the G20 has lost momentum, there remains ample space for putting the G20 into the spotlight both as a hub/club and a network. But any design to take the G20 beyond its core competency to a steering committee will be difficult.

The main incentive of picking a high profile niche initiative lies with its national brand. Even if there is collective resistance to a more ambitious agenda, such initiatives help in defining the national identity. By leveraging its advantages as a straddling country, with ties to different top forums, along with taking networking

opportunities seriously, Russia has enhanced its global position. With much higher diplomatic stakes, and without the club ties internationally or national interest calculus tradition, Australia will need to go big in either ramping up the agenda beyond the established ambit of the G20 or in ensuring core deliverables on a technically-oriented approach.