

BRIEFING

G20 summit in Brisbane: Low expectations, limited progress?

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Abstract

The recent Group of 20 (G20) summit in Brisbane aimed to coordinate global action to support a transition from containing the financial crisis to supporting economic recovery. The Australian presidency's agenda privileged discussions on concrete steps to facilitate growth and build resilience by completing financial reforms and taking action on tax issues and corruption. The programme also sought to strengthen the G20 partners' cooperation on trade and energy. While the meeting, held on 15-16 November 2014, did deliver some concrete economic commitments, the accomplishments were overshadowed by underlying geopolitical concerns. In bilateral discussions with Russian President Vladimir Putin, some G20 leaders – including from the EU, a full member of the Group – criticised Russia's actions in eastern Ukraine and its failure to ensure a proper investigation into the crash of Malaysia Airlines Flight 17. With other areas of focus including climate change (thanks in part to the efforts of the EU), energy cooperation and fighting Ebola, the summit's middling score sheet – with modest progress at best – looked rather similar to those of recent G20 summits.

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1 Introduction

The focus of the G20's Brisbane summit was intended to be the group's unfinished reform agenda.

The Australian G20 presidency hoped to highlight joint measures to stimulate growth and ensure recovery from the crisis, while allowing a secondary focus on other topics, including energy and the fight against Ebola.

On 15-16 November 2014, the heads of states¹ of the countries in the Group of 20 (G20) met in Brisbane for their annual summit, hosted by the Australian presidency, to discuss joint measures to stimulate economic growth. Including the EU – a full member of the Group – participants intended to ensure they were moving beyond merely containing the financial crisis – the focus of the last two years' summits, held in St Petersburg (Russia), and Los Cabos (Mexico) – and on to building global economic resilience.

While Australian host's intention was to focus the meeting on economic questions, discussions on political issues – particularly on Russia's actions in eastern Ukraine – predictably accounted for significant meeting time, as well as media coverage. Ukraine also determined the tone of many G20 leaders' bilateral exchanges with Russia's President Vladimir Putin, including that of European Commission President Jean-Claude Juncker. Other, non-economic topics discussed included energy and climate change – with climate change one that the Australian presidency had not originally intended to feature, but which had been added to the meeting's agenda following to insistence of vocal G20 members, including the EU and the US. Ultimately, this prominent issue and the equally significant topic of Ebola did not yield significant or ambitious commitments. Discussions on Ebola did not even lead to the needed financial commitments.

2 Key economic issues on the agenda: The summit's deliverables

In the past, the G20 economic agenda has been hindered by both distracting geopolitical tensions and weak compliance with key pledges on financial and fiscal reforms.

Despite the prominence of foreign policy in the Brisbane debates, the Australian presidency managed to keep the economic discussions at the heart of the summit. In the recent years, the level of ambition and the track record of the G20 economic agenda have been hindered by distracting geopolitical issues. In some cases, some core economic reforms have also suffered from the weak compliance of financial; this was the case, *inter alia*, for financial risk management and rebalancing international financial institutions.

In the Brisbane's summit final communiqué, the G20 stressed that 'raising global growth to deliver better living standards and quality jobs for people across the world is our highest priority'. But the statement also acknowledged that 'risks persist, including in financial markets and from geopolitical tensions'².

¹ G20 membership comprises Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States and the European Union, represented by the Presidents of the European Council and the European Commission, accompanied by the European Central Bank.

² [G20 Leader's Communiqué Brisbane Summit](#) (15-16 November 2014)

The G20 states agreed in Brisbane to increase their GDP by at least an additional 2 % by 2018.

The G20 leaders also addressed the gender gap in global employment and youth unemployment.

Leaders promised to invest more in infrastructure development, labelling it a core growth-stimulating measure.

The fight against corruption and financial transparency again featured prominently on the agenda.

The G20 members did set the ambitious goal of increasing their countries' GDP by at least 2 % by 2018. According to studies made by the IMF-OECD³, this commitment, if fully implemented, could secure an overall economic growth of about 2 % (still well below pre-crisis levels) and create millions of jobs. The proposed measures are intended to boost investment, trade and competition worldwide, while supporting development and inclusive growth, and helping to reduce inequality and poverty.

The G20 leaders highlighted gender-related aspects of the economic recovery. Leaders advocated reducing the gap in employment participation rates between men and women by 25 % by 2025. They also endorsed a plan to fight youth unemployment⁴.

The summit also endorsed the '[Global Infrastructure Initiative](#)', a multi-year work programme to increase investment in public and private infrastructure. In effect, the group proposed a Keynesian remedy to secure stronger and more lasting economic growth across the globe. Most G20 members welcomed this decision and committed themselves to increasing their investment in infrastructure development. EU Commission President Jean-Claude Juncker proposed spending EUR 300 billion on infrastructure over three years – an offer welcomed by IMF Managing Director Christine Lagarde, who stressed that all tools – including notably fiscal policy and infrastructure spending – should be used to avoid a lost decade in the euro area⁵.

It remains unclear whether the commitments endorsed by all G20 Members – including the Euro Members – will translate into a (limited but appreciable) easing of the current restrictive fiscal policies implemented at EU and national level. If so, EU Member States would be able to promote expansionary economic programmes, as requested by – *inter alia* – Italy.

Thanks to the discussions in Brisbane, G20 leaders endorsed the long-debated 2015-16 G20 Anti-Corruption Action Plan⁶. This committed them to improving transparency in the public and private sectors and to implementing the G20 High-Level Principles on Beneficial Ownership Transparency⁷. Beyond such statements, though, it appears that the entrenched positions of some of the G20 members led the summit to again fail to progress in securing financial transparency and tacking illicit financial flows.

In the summit's final communiqué, the G20 leaders committed themselves to taking concrete steps to create a fairer and more transparent global system, based on the principle that profits would be taxed 'where economic activities deriving the profits are performed and where value is created'⁸.

³ OECD- IMF, [Quantifying the Impact of G20-Member's Growth Strategies](#) (November 2014)

⁴ [G20 Leader's Communique Brisbane Summit](#) (15-16 November 2014)

⁵ Oxford Analytica, G20 will aim to boost global growth (17 November 2014)

⁶ [2015-2016 G20 Anti-Corruption Plan](#) (15-16 November 2014)

⁷ [G 20 High-Level Principles on Beneficial Ownership Transparency](#) (November 2014)

⁸ [G20 Leader's Communique Brisbane Summit](#) (15-16 November 2014)

Leaders welcomed the significant progress on the G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan⁹ to modernise international tax rules, and they committed to completing this work by 2015. G20 members also welcomed a proposal for regulation to allow national tax authorities to share financial and fiscal information about foreign residents¹⁰.

The G20 reaffirmed once again its commitment to fight all forms of protectionism. Yet while they agreed on a 'standstill clause' – banning trade restrictions until 2016 – new restrictive trade measures nonetheless appear to be on the rise¹¹. Significantly, the meeting emphasised the importance of both multilateral and plurilateral deals – marking an apparent difference to the past few G20 summits, which focused more on the World Trade Organisation (WTO).

The summit also welcomed the recent breakthrough in negotiations between the US and India; this should secure implementation of the WTO Trade Facilitation Agreement, reached at the WTO's ministerial meeting in Bali last year. Leaders acknowledged that the world needs a 'robust and effective' world trading system; however, they refrained from discussing how to reform the framework created by the WTO's 1994 Uruguay round. The thorny discussion on 'how to make the system better work' was postponed to the next summit¹².

Instead, the wave of bilateral and plurilateral trade agreements currently under negotiation was highlighted – including notably (although not mentioned in the text) the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP). Leaders stressed that new trade deals should complement one another, be fully transparent and not adversely affect the WTO, but should instead strengthen the organisation.

Discussions on reforming the economic system of global governance were also highlighted in Brisbane; nevertheless, no concrete conclusions emerged.

3 Key political issues on the agenda: The summit's deliverables

While not addressed within the summit's group discussions, the issues of Russia's recent actions, eastern Ukraine and the follow up investigation to the crash of Malaysia Airlines Flight 17 were reportedly the key topics raised in bilateral meetings between the G20 leaders and Russian President Putin. Following the Australian presidency's consultations and discussions in the summer of 2014, Putin had been invited to attend the summit in Brisbane. This was a notable difference from the 2014 G7 meeting, whose leaders had effectively disbanded the G8 in order to exclude Russia following the country's unlawful annexation of Crimea.

While most G20 leaders have not publically pronounced themselves on Putin's participation, the Australian presidency reported a lack of consensus

Some G20 leaders strongly criticised Russian actions in eastern Ukraine during their bilateral discussions with Russia President Vladimir Putin.

⁹ OECD, [OCED Secretary-General's Report to G20 Leaders on Tax Matters](#) (November 2014)

¹⁰ European Voice, [World leaders back corporate tax reforms](#) (18 November 2014)

¹¹ OECD-WTO-UNCTAD, [Report on G20 Trade and Investment Measures](#) (5 November 2014)

¹² The Financial Times, [WTO breakthrough fail to mask serious structural problems](#) (16 November 2014)

among G20 leaders on the issue. Some media outlets subsequently interpreted this as a split between the Western G20 states – ostensibly against Russia's participation – and other countries – ostensibly against Russia's exclusion.

During the summit, Putin was reportedly requested at several points to explain his country's continued political and military support to anti-government forces in eastern Ukraine. When some G20 participants called for Russia to withdraw from the area, Putin reportedly stated that this was not feasible because 'Russia is not there'¹³.

The G20 leaders' lack of joint political will to embrace a strong stance on Russia was apparently one of the factors underlying the creation of a smaller sub-group within the G20 during the Brisbane summit. Comprised of the leaders of the United States, Japan and Australia, this group issued a joint declaration vowing to oppose 'Russia's purported annexation of Crimea and its actions to destabilise eastern Ukraine,' and 'committing to bringing justice to those responsible for the drowning of Flight MH17.'¹⁴The three leaders' closer cooperation was hailed by some Western media sources as marking the emergence of a more decisive, coordinated stance on Russia. Other observers have suggested that it represented an effort to counterbalance China's increasing regional power.

Collaboration in the energy sector was one of the topics mentioned in the Brisbane summit's final communiqué. The G20 leaders endorsed the G20 Principles on Energy Collaboration, which affirm the G20 members' intention to, *inter alia*: work together to ensure access to affordable and reliable energy for all; make international energy institutions more representative and inclusive of emerging and developing economies; encourage and facilitate energy market transparency; enhance energy security through dialogue and cooperation; and rationalise and phase out inefficient fossil fuel subsidies over the medium term (while providing targeted support for the poor, and supporting development of innovative technologies, including technologies to facilitate a transition to clean energy)¹⁵.

It remains to be seen how these principles will be set into practice, given the sensitive nature of the issues and the G20 members' different approaches. The final communiqué emphasised the importance of energy efficiency measures. Participants adopted a Voluntary Action Plan for Collaboration on Energy Efficiency, pointing to possible actions that would ensure that the Principles are implemented, including in its six priority areas – vehicles,

The Brisbane summit bore the fruit of the closer political cooperation of the United States, Australia and Japan when it came to security issues.

Energy discussions led to the adoption of thematic 'Collaboration Principles', supplemented by a 'Voluntary Action Plan for Collaboration on Energy Efficiency'.

¹³ [The Guardian, 'Vladimir Putin leaves Brisbane after leaders line up to browbeat him over Ukraine.'](#) (16 November 2014)

¹⁴ Today (Singaporean news website), ['US, Japan and Australia vow to oppose Russian action in Crimea.'](#) (16 November 2014)

¹⁵ The G20 Principles on Energy Collaboration can be retrieved on <http://www.mofa.go.jp/files/000059860.pdf>.

products (i.e. networked devices), buildings, industrial energy management and electricity generation¹⁶. The work initiated in Brisbane is expected to be continued and fleshed out in G20 ministerial meetings on specific themes.

Despite Australia's opposition to including climate change on the agenda – the country being the world's second exporter of coal – climate issues were addressed following the instance of some G20 members, including the EU and the US. Building on a recent US-China deal to reduce carbon dioxide emissions, the G20 made a formal commitment to taking steps to combat climate change. Leaders pledged to ratify the United Nations Framework Convention on Climate change (UNFCCC)¹⁷ and secure implementation through a legal compliance instrument before the 21st UN climate change conference, due to take place in Paris in 2015¹⁸.

The G20 leaders also issued a joint statement on the Ebola crisis and said they were prepared to take all necessary measures within a coordinated, international approach¹⁹. The G20 supported the International Monetary Fund's initiative to provide another USD 300 million to help combat the severe repercussions of the Ebola outbreak. Nevertheless the leaders in Brisbane stopped short of making financial commitments. Their failure was pointed out by most media outlets and G20 analysts, as well as by a barrage of highly critical statements from civil society.

While the Australian presidency did not originally intend to include climate discussions in the summit's agenda, the insistence of the EU and the US led to their inclusion.

The fight against Ebola was considered a key issue, but no concrete financial commitments were made.

4 Conclusions and implications of the G20 summit for the EU

The EU, a full member of G20, can be represented in the summits by the President of the European Commission and the President of the European Council. Their participation in the summits is facilitated by the EU's G20 Sherpa – usually a senior official, who works with a team of experts to prepare key documents and organise the practical aspects of the work.

Prior to the Brisbane summit, a joint press release was issued by former European Commission and Council Presidents José Manuel Barroso and Herman Van Rompuy, outlining the EU's priorities and expectation for the summit. The EU leaders highlighted the need to ensure that growth strategies remain at the top of the Brisbane agenda, that G20 tax and economic global governance reforms are advanced, and that the question of climate change remains central in the run-up to the 2015 climate agreement in Paris²⁰.

While official EU appraisals of the Brisbane meeting have been rather upbeat, the media view has been more mixed. Many outlets have pointed to a lack of specific commitments on many points, including financial reform, Ebola and

The EU is a full member of G20 and has, over the past nine years, developed a robust institutional structure to oversee its involvement.

The EU stressed the need to ensure that growth strategies remain at the top of the Brisbane agenda and that G20 tax and economic global

¹⁶ For details, see the [G20 Energy Efficiency Action Plan website](#)

¹⁷ [G20 Leader's Communique Brisbane Summit](#) (15-16 November 2014)

¹⁸ The Financial Times, Cameron set to donate £650m to 'green climate fund' (16 November 2014)

¹⁹ [The G20 Leader's Brisbane statement on Ebola](#) (15-16 November 2014)

²⁰ The joint press release of former Presidents Barroso and van Rompuy can be retrieved on [http://europa.eu/rapid/press-release MEMO-14-600_en.htm](http://europa.eu/rapid/press-release_MEMO-14-600_en.htm) (21 October 2014)

governance reforms and climate change receive due attention.

The G20 parliamentary cooperation is currently at a standstill due to a lack of clarity about who should organise the parliamentary event in 2015.

Bilateral relations between the G20 and the G8 have changed since the G8 suspended its activity following Russia's unlawful annexation of Crimea. A G7 configuration – without Russia – re-emerged earlier this year.

energy.

What is of particular importance for the European Parliament is the future of the parliamentary branch of the G20. In the past few years, the EP has repeatedly advocated strengthening the parliamentary offshoot by aligning the agendas of the summit and the parliamentary meetings, as well as by having the parliamentary meetings precede the summit, so that the parliaments' positions on the G20 agenda issues can be fed directly into the summits' discussions. However, the current geopolitical situation does not appear particularly conducive to this goal. Usually, the G20 presidency is charged with organising a G20 parliamentary event the following year. Last year's Russian presidency has not, however, demonstrated any interest in organising such a parliamentary event in 2015. It remains to be seen whether the responsibility could be taken on by another group – and what result the result would be.

The future nexus of G20 with the G7 (or G8, if it is ever revitalised) also remains an important unknown. The most recent G7 meeting – held in Brussels on 3-4 June 2014 – delivered strong unified positions on key foreign policy and other issues, including joint punitive actions targeting Russia. The agendas of the G20 and G7/G8 appear to be converging – a contradiction of the perceived 'neat division of labour' in which the G7/G8 focuses on foreign policy issues, while the G20 concentrates on global economic and financial issues.

In general, while the Brisbane summit made some progress on selected economic issues, it nonetheless failed to embody the global governance forum that was envisioned when the G20 was created nine years ago. The summit's underperformance has been highlighted by observers in the past couple of years; this summit's mixed reviews reflect a larger trend. The G20 leaders' apparent polarisation – or, at least, their lack of harmony on some key foreign policy issues – also weakens the G20's standing and its impact in the international arena.