

The G20 summit in Antalya

Seeking global growth through collective action

SUMMARY

The Group of Twenty (G20) was established in 1999 after a series of crises in emerging economies, as a forum of finance ministers and central bank governors. It comprises 'systemically important' developed and emerging economies (including the European Union) and its purpose is to improve coordination of global economic policies. Since 2008, the G20 has also met at the level of leaders, who hold annual summits organised by the rotating presidency. These gatherings are the culmination of a year-long preparatory process during which the G20 agenda is formulated. The next summit takes place on 15 and 16 November 2015 in Antalya, Turkey.

Traditionally occupied with economic issues and financial regulation, the G20 programme now also includes topics like development, trade, tax cooperation, measures to fight corruption, climate change and energy. The Turkish presidency's focus is on 'enabling inclusive and robust growth' through the three I's: inclusiveness, implementation and investment. Turkey has also sought to increase integration of low-income developing countries and SMEs into the global economy, to bridge the gender gap in employment and reduce inequalities. This programme has been generally welcomed by observers who nevertheless point out that accountability is crucial to the efficiency of the G20 process. Numerous preparatory meetings at levels ranging from ministerial to stakeholder groups have resulted in a vast array of recommendations to leaders which are to be taken into account in their discussions during the upcoming summit.



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Introduction

The Group of Twenty (G20) was established in 1999 after a series of crises in emerging economies, such as the Mexican peso crisis of 1994 and the East Asian financial crisis of 1997-1998. In the aftermath of these crises it became evident that the [increasing role](#) of emerging economies in global financial markets and the economy was not reflected in the main existing international economic fora such as the G7 or G8. Crucially, it was realised that problems in emerging markets, as demonstrated in particular by the East Asian crisis, could have an adverse impact on financial markets in developed countries.

The G20 initially convened finance ministers and central bank governors from 'systemically important' industrialised and emerging economies,¹ seeking to improve coordination of their economic policies. However, at the end of 2008 it was [elevated](#) to a meeting of the leaders due to the pressing necessity to respond in a coordinated way to the unfolding global economic and financial crisis. As a leader-driven body, the G20 has [proclaimed](#) itself the 'prime forum for international economic cooperation', and the summits of its member countries' heads of state or government have taken place annually since 2008.

The role of the presidency

Since the G20 has no permanent staff or secretariat, its chair rotates annually.² In their 2011 Cannes summit [declaration](#), the G20 leaders agreed that after Turkey's presidency in 2015, 'annual presidencies ... will be chosen from rotating regional groups'. This means that, in a given year, the summit hosting country will be one of the countries in a regional group, with the presidency rotating to a country from a different group the following year.³ Host countries are responsible for the administrative and organisational aspects of the preparatory meetings and the summit itself – and most importantly its [agenda](#) – although this process is carried out 'in consultation with G20 members and others'. In order to ensure continuity in the G20's work the country chairing the G20, along with the preceding and following countries, form a 'Troika', currently consisting of Australia, Turkey and China.

Preparation of the summit

Organising a summit is a complex process which starts almost a year before the event is to take place.⁴ In order to prepare it, finance ministers and central bank governors meet several times throughout the year. They are helped and assisted by finance deputies who also hold regular meetings. Various ministerial-level groupings are also convened (for example of trade or energy ministers) in the run-up to the summit. In addition, there are regular meetings of 'Sherpas' – senior government officials representing the leaders – who are important in the overall coordination process and who support heads of state or government in working towards the summit.

G20 composition:

permanent members and invited guests

The G20 comprises the following permanent members: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States (US) and the European Union (EU) represented at summits by the Presidents of the Commission and the European Council.

Each year the G20 presidency also invites some guest countries to participate in discussions during the Leaders' Summit. In 2015, these countries are Azerbaijan, Malaysia (which in 2015 chairs the [Association of East Asian Nations](#)), Senegal (representing [New Partnership for Africa's Development](#)), Singapore, Spain (a permanent invitee) and Zimbabwe (as the 2015 chair of the [African Union](#)).

The G20 has also sought to incorporate policy contributions from broader society, organised under five groups: Business 20 (representing business leaders), Labour 20 (labour movements), Civil 20 (civil society), Think 20 (think-tanks), and Youth 20 (young leaders). These groups hold their own summits which aim to advise and inform policy-makers. Non-member countries are also [engaged](#) through specific G20 outreach and advocacy events throughout a world. Finally, a number of [international organisations](#) provide input and advice into the G20 process.⁵

Decision taking and outcomes

All agreements, decisions, recommendations and policy reforms reached by the G20 – whether at ministerial or heads of state or government level – are taken by consensus. Every country is free to formulate its position, and may remove a topic from the group's agenda for the time being. There is moreover no formal voting system as in, for example, the International Monetary Fund. The central outcome of the G20 process is the leaders' communiqué, issued after each summit. This is a public statement made by the leaders, containing, most importantly, commitments to specific policies at national level, and future actions that G20 member nations announce they will take. There is no enforcement system in place, as for example in the World Trade Organization, and the decisions of the group are not legally binding.

Research suggests⁶ that the highest compliance scores with commitments undertaken are found on macroeconomic policy and energy issues. On the other hand, corruption and trade commitments see the lowest compliance scores. There is also significant difference in effectiveness between the advanced and emerging economies of the G20, with the former systematically outperforming the latter. Within advanced economies, the EU Member States score above the average.

Turkey's G20 presidency

Turkey, as every preceding presidency, has had to find a balance between its own priorities and managing an already substantial inherited agenda. A detailed outline of the 2015 agenda is included in the annex, while this section deals mainly with elements added by the Turkish presidency.

Main priorities

Turkey assumed the G20's presidency on 1 December 2014. Its main [focus](#) is 'enabling inclusive and robust growth through collective action', with special focus on employment creation and more equal sharing of generated wealth. Turkey therefore aims to develop policies which improve integration of disadvantaged groups (such as women and youth) into the economy, reduce inequality, and advance integration of SMEs and LIDCs (low-income developing countries) into the global economy. The issues related to SMEs and LIDCs are cross-cutting through policies, and as such will be integrated in numerous G20 work streams. Turkey's [priorities](#) are formulated as the three I's: inclusiveness, implementation and investment.

To increase inclusiveness and improve the situation of LIDCs, Turkey pledged to prioritise issues of food security (particularly lost or wasted food), development, and energy access for all. It also aims to promote SMEs' integration into value chains, their easier access to finance, and address other obstacles they face (e.g. regulatory burden).

To improve implementation of G20 commitments, Turkey [underlined](#) the crucial role of a robust monitoring mechanism to hold members accountable. Notably, it sees implementation of the financial regulation framework, which would result in increased

resilience of the global economy, as a key to success for the G20. However, Turkey will also focus on progress in achieving other valid G20 objectives such as those stated in Action Plans on [Anti-Corruption](#) and [Energy Efficiency](#) or the '25% by 2025' female participation in employment target.

To increase investment, Turkey proposed that members prepare national investment strategies, and emphasised that they need to be country-owned and country-led. They should include measures to attract long-term institutional investors, boost public-private partnerships, facilitate access to finance by SMEs, improve the regulatory framework, increase efficiency of public investment and promote alternative sources of infrastructure investment such as [asset-based financing](#). Turkey also pledged to carry out quantitative assessment of these strategies.

Initial assessments

The Lowy Institute for Foreign Policy sees the way Turkey has organised the 2015 agenda as [conducive](#) for G20 members to focus on domestic initiatives that strengthen gender equality, support SMEs and address youth unemployment. This is complemented at international level by Turkey's efforts to enhance the voice of LIDCs. The Institute considers that Turkey's agenda draws from the considerable body of literature produced by the IMF, OECD, World Bank, and G20 countries. The inclusiveness agenda has been supported by many civil society and business groups.

One of the Institutes' experts, Leon Berkelmans, argues however that since the G20 lacks capacity to implement country-specific actions, it can best help the poor by making advances in international issues such as taxation of corporate income and climate change, where the multilateral gains are clear. Concerning the presidency's focus on implementation, John Kirton and Julia Kulik from Lowy note increased efforts on monitoring undertaken recently by the G20, but argue that group accountability is underlined by low engagement from the public, which cannot ascertain which commitments have been implemented and are unable to criticise their governments for inaction. Finally, Stephen Grenville from Lowy sees the greatest opportunities from the Turkish presidency's focus on investments not in terms of looking for new opportunities such as public-private partnerships, but rather in advancing the G20's multi-year [Global Infrastructure Initiative and the Global Infrastructure Hub](#) announced at the 2014 Brisbane Summit.

G20 researchers from Turkey [noted](#) that the presidency introduced some new elements into G20 efforts to pursue growth: an accountability framework with emphasis on the most important commitments that will have the greatest impact on growth (assessment to be presented during the summit) and country-specific investment strategies for each member. They also concluded that the inclusiveness of the agenda is manifested in the launch of a [World SME Forum](#) and by increased efforts to improve the legitimacy of the G20 in non-G20 countries (especially LIDCs). The researchers also underlined that establishing a comprehensive framework for LIDCs seems to have stalled due to lack of policy coherence in this cross-cutting field.

The Center for Strategic and International Studies [argued](#) that the inclusiveness and investment priorities of the Turkish agenda are worthwhile and legitimate objectives. However, it notes that the third element – implementation of G20 commitments – is where the group often fails as they require the alignment of domestic policies with G20 commitments. As such, they argue that Turkey should put much more emphasis on the

implementation aspect, especially in areas where the G20 can collaborate more realistically, such as trade, international tax cooperation and financial regulation.

Chatham House [welcomed](#) Turkey's commitment to inclusive and robust growth, and its focus on making the G20 more relevant to non-members and LDCs, stronger support for SMEs, energy and climate change issues and increased investment. However it also noted that reaching agreements in some of these areas remains extremely difficult and that the G20 in 2015 runs the risk of spreading political capital and policy-making energy too thinly, which may limit what can actually be achieved. Chatham House also argues that the Turkish presidency's priorities [align](#) its agenda with recent efforts (such as those of the Brisbane summit) to make the G20 more efficient. The paper sees the presidency as a chance to revitalise 'middle powers' in G20, which have fewer options in influencing international fora than (often conflicted) traditional (e.g. US) and rising powers (e.g. China and Russia). As such, 'middle powers' have a common interest in making the G20 work well and are prepared to work harder to achieve results.

Run-up to the summit in Antalya

Since the G20 was elevated to a leader-level forum in 2008, it has consistently [concentrated](#) its work on three main strands: promoting strong, sustainable, and balanced growth; enhancing financial regulation; and reforming the international financial architecture. At subsequent summits a number of other subjects have been added to the ever-expanding G20 agenda, including international tax cooperation, anti-corruption, climate change, energy, and development.⁷ Furthermore, at every summit the most pressing political issues are also discussed: recently the press [reported](#) that the refugee crisis and terrorism will be added to leaders' discussions. Since there is no precise and definite summit agenda and the discussions of the leaders are closed to the public, preparatory activities during the year are helpful in understanding what will be debated in Antalya. The run-up to the summit has been quite intensive; it [included](#) nine ministerial meetings (four meetings of finance ministers and central bank governors, and one meeting each of tourism, labour and employment, energy, agriculture, and trade ministers), five finance and central bank deputies meetings, four Sherpa meetings, 19 working groups, and summits of Youth 20, Women 20 and Civil 20. Summits of Think 20, Labour 20 and Business 20 are scheduled just before the meeting of leaders in Antalya.

Notably, the EU, in the shape of the European Council and European Commission Presidents, [defined](#) its key issues for Antalya on 4 November 2015. The refugee crisis is the first priority accompanied by topics broadly consistent with the main streams of G20 work: jobs, growth and investment (and financial regulation), youth employment and social inclusion, advancing work on tax transparency, further opening of trade, and a strong outcome in the UN climate change negotiations.

Political concerns in Turkey

Many observers see Turkey's unstable domestic situation as a threat to its ambitions as a G20 host. In many ways its economy can be considered a [success](#) story with strong growth rates, rising income per capita and decreasing budget deficit. On the other hand as many as 2 [million](#) refugees from Syria, who escaped the war, live in Turkey creating [pressure](#) on its social system. The country could not form a government after June elections, resulting in new elections being called, which delivered a single party [majority](#) in November. Turkey experienced the deadliest terrorist [attack](#) in its history in October amid escalating violence between the authorities and Kurdish rebel groups. At the same time the situation on the border with Syria remains [tense](#) and Turkey is in open war with ISIL/Da'esh. However, some commentators see the G20 summit as Turkey's [opportunity](#) to gain the confidence of the world in these turbulent times.

Highlights from the G20's 2015 policy agenda

Economic issues

During the preparatory meetings, finance ministers and central bank governors have stressed that the drop in oil prices provides a [boost](#) to global growth. However, persistently low inflation, sluggish growth and protracted demand weaknesses in some advanced economies may increase the possibility of persistent stagnation. They agreed to monitor the implementation of national [growth strategies](#), the progress of financial reforms and international tax issues (particularly that of Base Erosion and Profit Shifting – [BEPS](#) – on track to be [completed](#) in 2015). The ministers indeed [endorsed](#) BEPS during their latest pre-summit meeting in Lima.

Notably, the G20 committed to [finalise](#) the remaining main elements of the global financial reform agenda by the end of the year. In particular, the ministers stressed their commitment to finalise by the Antalya summit the proposed common international standards on total loss-absorbing [capacity](#) for global systemically important banks. They also announced that the first accountability report on progress on G20 growth strategy commitments will be presented at the summit. Before the meeting in Antalya, the national [investment](#) strategies are to be finalised. Furthermore, the G20 pledged to promote an enabling environment for low income developing countries and to help them build their institutional capacity.

Labour and employment

The highlight of G20 activities in this field was the adoption of the [Ankara Declaration](#), in which labour ministers of all the member countries agreed upon a target to reduce by 15% by 2025 the number of young people at most risk of being permanently left out of the labour market. Annexes to this declaration contained a number of strategic documents adopted by the ministers such as [G20 Policy Priorities on Labour Income and Inequalities](#), [G20 Skills Strategy](#), [G20 Policy Principles for Promoting Better Youth Employment Outcomes](#), [G20 Framework on Promoting Quality Jobs](#), [G20 Principles for Effective Public Employment Services](#) and [G20 Principles on Silver Economy and Active Ageing](#). The declaration was welcomed by [trade unions](#), who stressed that further endorsement by the leaders during the summit is crucial. The ministers also launched the process of monitoring the implementation of national [employment plans](#) of members with specific reporting templates.

The joint meeting of labour and finance ministers focused on two topics: the relationship between growth and employment, and rising income inequality. The ministers [recognised](#) that [fiscal space](#) is constrained in many G20 economies and, as such, efficient allocation of resources is necessary to spur job-rich growth and promote inclusiveness. The main policy tools supporting aggregate demand and reducing unemployment were highlighted: investments in infrastructure, effective active labour market policies, increasing labour force participation, investments in workers' skills and training, creation of quality jobs, and supporting entrepreneurship. The [trade unions](#) welcomed the general tone of the statement but considered it non-committal.

Agriculture

Ministers of agriculture [agreed](#) that a G20 Action Plan on Food Security/Sustainable Food Systems will be prepared and submitted for consideration at the Antalya summit. They highlight the need to establish sustainable food systems to cope with global challenges in food security, and decided to set up a G20 platform with a view to creating a common framework to measure and reduce food loss and waste.

Trade

G20 trade ministers [committed](#) to lift existing protectionist measures, and implement reforms to facilitate trade by decreasing its costs through streamlining customs procedures, reducing regulatory burdens and reinforcing trade-enabling services. They insisted that trade is one of the priorities on the agenda of the Antalya summit. According to them, finding ways to integrate SMEs and LIDCs in global value chains is fundamental to boosting global economic growth and so should be included in G20 trade policies.

Energy

Under the Turkish presidency, the first ever meeting of energy ministers was organised in Istanbul. The ministers approved the [G20 Energy Access Plan](#) aimed at improving coordination, investment and capacity building, with a special focus on Sub-Saharan Africa. They also underlined their support for [investments](#) in clean energy technologies. Furthermore, they adopted a [G20 Toolkit of Voluntary Options on Renewable Energy Deployment](#) which provides options for boosting renewable energy uptake.

Tourism

G20 tourism ministers agreed to [promote](#) policies that advance decent work in tourism entrepreneurship, gender equality and youth employment. They also decided to boost cooperation between developing countries and the G20, with a view to promoting economic opportunities and job creation. The ministers agreed to enhance links between the private and public sector and education or training institutions, to narrow the gaps between training needs and market requirements. They highlighted the necessity to strengthen links between tourism and trade policies to improve the access of SMEs to international markets and their integration into the global economy.

Engagement groups

The business community, in the [B20 group](#), put forward policy recommendations to the G20 leaders, aiming to help implement structural reforms and ensure growth, structured around four streams of action: completing implementation of agreed policies, investing in correcting imbalances, fostering inclusiveness and enhancing competition. The B20 also supports [deepening](#) the responsibilities of two new institutions under the G20: the World SME Forum and the Global Infrastructure Hub. Business leaders released a joint [declaration](#) with the [L20 group](#) calling for actions to tackle youth unemployment, promote formal employment and reduce the gender gap.

G20 countries agreed with the Turkish presidency proposal to set up a new G20 engagement group, the [Women-20 \(W20\)](#), to promote gender-inclusive economic growth. The group has called on G20 leaders to boost gender equality and female economic empowerment, as well as to achieve the Brisbane [target](#) of reducing the gap in participation rates between men and women. To that end they [recommended](#) a set of actions such as supporting work-life balance, women-owned enterprises and innovation, providing equal access to education, ensuring female access to financial and productive assets as well as market opportunities.

The [C20 summit](#) of civil society representatives identified four key [areas](#) of improvement in order to tackle inequalities and promote development: governance (with a focus on international taxation and measures to fight corruption), inclusive growth, gender equality and sustainability. They developed a set of relevant policy [recommendations](#) for G20 leaders such as systematic tracking of income growth rates of the poorest 40% against the richest 10%, recognising and measuring all kinds of work

(i.e. including unpaid care work in national income accounting), committing to a multilateral mechanism for exchange of tax information, setting a long-term emission reduction and decarbonisation goal, and committing to achieve 100% use of renewable energy by 2050.

The [Y20 summit](#) of young leaders urged G20 heads of state or government to adopt 'a concrete, quantifiable and collective target on reducing youth unemployment over 10 years in their respective countries'. The Y20 [communiqué](#) recommended actions to be conveyed to leaders during the forthcoming summit in Antalya, such as developing ecosystems for entrepreneurship, bridging the digital divide to ease youth access to the labour market, reducing the skills mismatch between the education system and labour market, better opportunities for quality internships and vocational training, and enhancing student mobility across borders.

Main references

[The EU's Role in International Economic Fora - The G20](#), European Parliament study, 2015.

[The Group of Twenty: Setting the global agenda](#), EPRS briefing, 2015.

[G20 Turkey 2015](#) website, 2015.

[Publications](#) of Lowy Institute for International Policy's G20 Studies Centre, 2015.

[The G-20 and International Economic Cooperation](#), Congressional Research Service, 2014.

Endnotes

- ¹ The forum was formally [created](#) at the September 1999 meeting of the G7 Finance Ministers 'as a new mechanism for informal dialogue ... to broaden the dialogue on key economic and financial policy issues among systemically significant economies and to promote cooperation to achieve stable and sustainable world growth'.
- ² The EU is the only formal G20 member which does not take part in this rotation.
- ³ The hosting groups, set up to ensure geographical balance over time, are the following: (1) China, Indonesia, Japan, South Korea (2) France, Germany, Italy, the United Kingdom (3) Argentina, Brazil, Mexico (4) India, Russia, South Africa, Turkey (5) Australia, Canada, Saudi Arabia and the United States.
- ⁴ The presidency usually starts on 1 December of the preceding year and the summit is scheduled for November.
- ⁵ They include the [Financial Stability Board](#), the [International Labour Organization](#), the [International Monetary Fund](#) (IMF), the [Organisation for Economic Co-operation and Development](#), the UN, the [World Bank](#), and the WTO.
- ⁶ For more detailed discussion of the effectiveness of the G20 see, for example, the 2015 European Parliament Policy Department A study '[The European Union's Role in International Economic Fora – The G20](#)' and the 2015 EPRS briefing on '[The Group of Twenty: Setting the global agenda](#)'.
- ⁷ The views on this broadening of topics covered by the group are mixed: some see it as the main [obstacle](#) to the G20's efficiency while others argue that involvement of the G20 forces [progress](#) in new areas where it may not have registered at all otherwise.

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eprs@ep.europa.eu

<http://www.eprs.ep.parl.union.eu> (intranet)

<http://www.europarl.europa.eu/thinktank> (internet)

<http://epthinktank.eu> (blog)

Annex – G20 agenda under the 2015 Turkish presidency

PILLAR I: STRENGTHENING THE GLOBAL RECOVERY AND LIFTING THE POTENTIAL
Investment
Reforms to improve investment climate for infrastructure and SMEs
Launching country investment strategies to tackle bottlenecks impeding growth
International Chamber of Commerce is to establish a World SME Forum
Enhancing project preparation, prioritisation and developing public-private-partnerships
Promoting non-traditional source of lending: equity-based infrastructure financing
Employment
Creating better quality jobs and launching the debate on labour income as a share of GDP
Analysing the growth of joblessness
Monitoring the implementation of all members' Employment Plans
National measures to increase participation rate of women and reduce youth unemployment
Trade
Analysis of root causes behind decreasing annual growth rate in trade
Boosting multilateral trading system through analysis of existing trade agreements
Improving integration of developing country SMEs into global value chains
PILLAR II: ENHANCING RESILIENCE
Financial Regulation
Finalise regulatory framework
Ensure timely, full and consistent implementation of reforms
Analysis of regulatory outcomes and effects with a view to addressing unintended consequences
International Financial Architecture
Completing the IMF reforms: ratify the 2010 quota system or table a new proposal
International Tax
Monitor implementation of BEPS (Base Erosion and Profit Shifting) project
Incorporate developing country perspectives into G20 tax agenda
Increased emphasis on bilateral and multilateral cooperation between tax authorities
Anti-Corruption
Monitor implementation of 2015-2016 Anti-Corruption Action Plan
Focus on transparency in government-business relations
PILLAR III: BUTTRESSING SUSTAINABILITY
Development
Improve investment environment and project preparation for infrastructure
Broadening financial inclusion and reducing global average cost of transferring remittances
Capacity building for LIDCs to benefit from the international tax agenda
Food security: focus on sustainable food systems and higher productivity in smallholder farms
Examining ways to enhance the role and contribution of the private sector
Energy Sustainability
Focus on energy access and investments (including high costs of renewable energy investments)
Boost the G20 Principles on Energy Collaboration and phase out inefficient fossil fuel subsidies
Monitoring the implementation of the G20 Energy Efficiency Action Plan
Improve Joint Organisations Data Initiative
Better transparency of energy market (implementation of price reporting agencies principles)
Climate Change Finance
Focus on financing aspects and needs of the LIDCs
Conducting studies to improve collaboration, dialogue and cooperation between climate funds

Source: [Turkish G20 Presidency Priorities for 2015](#).