

Constructive G-20 agenda for the future: Los Cabos Summit and Beyond

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Ladies and gentlemen

Let me first of all to express my deepest gratitude to the Federation of Indian Chambers of Commerce and Industry, and specially of Dr. Rajiv Kumar, for having agreed to kindly host this seminar on the G-20, its agenda and prospective towards the Summit in Los Cabos, which will be held the 18th and 19th of June 2012.

I am pleased to join you today to share some thoughts on the progress made by the Mexican Presidency of the G20, which began in December 2011 and the challenges we face on the way to the Leaders Summit in Los Cabos next month.

This meeting represents an opportunity to hear their views and recommendations related to the G20 process.

Today I will briefly describe the five priorities that guide the work agenda of the G20 in 2012.

Secondly I will give a comprehensive update of the most important results of the preparatory meetings held to date and a brief summary of the activities carried out by Mexico, less than a month before of the Leaders Summit.

As current president of the G20, Mexico has been negotiating with our partners in the context of volatile global economic situation.

Our five priorities in the agenda of the G20 this year are aimed at achieving a balance between the relevant issues that require political momentum of the Group as well as medium and long term issues. These priorities also aim to ensure continuity and follow up the commitments of interest to developed and developing countries.

These priorities are:

1. Economic stabilization and structural reforms as the foundation for growth and employment. The current economic instability requires measures to strengthen economic growth and supply of quality jobs. A prerequisite for the restoration of growth is the recovery of private sector confidence, for which economic stability is crucial. At the same time, this must be complemented by structural reforms leading to sustained growth.
2. Strengthening the financial system and fostering financial inclusion to promote economic growth. The current instability in financial markets in developed economies requires further progress in regulatory reform. Additionally, the effects of the new regulation in emerging markets should be taken into account, as well as financial inclusion, financial literacy and consumer protection should also be fostered as means of promoting development and reducing poverty.
3. To improve the international financial architecture in an interconnected world. We must continue to strengthen financial institutions, especially the International Monetary Fund (IMF). Under the current environment of economic instability, strengthening the IMF's resources and promoting global financial security that would achieve our goal of having sustained and balanced growth should be other priorities.
4. To promote financial security and address the issue of price volatility of commodities. Fluctuations in the price of agricultural products and other commodities disproportionately affect the poorest segments of the population, which spends an average of half of their income on food.
5. To encourage sustainable development and green growth. With green growth, Mexico is concentrated in the design of specific measures, as well as creating new opportunities that enhance productivity, innovation and research, and promotes the creation of new business opportunities and new markets.

Mexico also focuses on creating synergies and avoid duplication of work being done in other multilateral fora such as Rio +20 and the United Nations Convention on Climate Change.

Let me make a major review of the official meetings coordinated by the Mexican presidency and held in Mexico as part of the preparatory process towards Los Cabos since December last year until now.

Our Foreign Ministers met in February. Two meetings of Finance Ministers and Central Bank Governors were held in Mexico and Washington. Two meetings of Deputy Ministers of Agriculture and a meeting of Ministers of Trade and Economics were celebrated in Mexico, while the Sherpas met several times and the Ministers of Tourism and of Ministers of Labor and Employment also met in Yucatan and Mexico.

Similarly, we have conducted various meetings of the G20 working groups responsible for areas such as developing clean and efficient energy, employment and corruption among others.

Now let me highlight the main agreements reached by G20 members and guests at these meetings.

During the meeting of Foreign Ministers held in Los Cabos on 19 and 20 February, the chiefs of diplomacy analyzed how the G20 can more effectively address some of the most pressing challenges in global governance and secure action not only to tackle circumstantial crisis, but to also meet the structural requirements to prevent future crises.

The Foreign Ministers agreed to promote the reform of multilateral institutions, also following the G20 commitments previously made and continue to work on issues like food security, energy and sustainable development.

The Finance Ministers and Central Bank Governors of the G20 held their second meeting on April 19-20 in Washington. The ministers acknowledged that recent economic events point to a continuation of a global recovery and considered modest growth expectations for 2012 and 2013 remain moderate.

The Finance Ministers reaffirmed their full commitment with economic growth and job creation, as well as structural reforms, and to restore fiscal sustainability over the medium term, keeping financial balance.

In this context, the visitors welcomed the decision taken last March by the Euro-zone members, in order to strengthen the "firewalls" as part of broader European reform efforts. I want to emphasize that the G20 countries, together with the IMF Committee agreed to strengthen the Fund's resources for preventing and resolving crises.

There are firm commitments to increase IMF resources to more than 430 billion dollars.

These resources would be available to all IMF members and not to any particular region.

This effort represents at least 180 billion dollars more than the amount allotted in 2009.

As previously done, the members of the G20 reaffirmed their commitment to push forward the reform of quotas and governance of the IMF to better reflect the weights of its members in the global economy.

While supporting the institutionalization of the Financial Stability Council, the ministers also confirmed their commitment to eliminate subsidies to fossil fuels.

Finally, there was significant progress on the priorities identified by the Mexican Presidency of the G20 such as financial inclusion, transparency and better functioning of energy markets, inclusion of green growth strategies on the agenda of structural reform and options for mobilizing effective resources for investment in climate change.

Concerning the Ministers of Economy and Trade meeting held in Puerto Vallarta on April 19, it helped to discuss the functioning of global supply chains and their impact on international trade.

Regarding global value chains, there was common interest among the participants in analyzing international fragmentation of production and increased trade in intermediate products and tasks. Today, 56% of international trade of goods is made of raw materials, parts, components and semi-finished products, while 73% of global trade consists of services used to produce other goods and services.

Due to this new reality, any distortion in the supply chain could affect the process of international production as a whole. That is why Mexico stresses the importance of keeping markets open and to avoid protectionist measures.

Ministers agreed in the positive relationship between open trade, economic growth and employment, in the view of macroeconomic policies and strategies for poverty alleviation. Finally, regarding the strengthening of the international exchange system, the Ministers reaffirmed their commitment to deliver on the mandate of G20 Leaders, credible and fresh approaches *vis-à-vis* the least developed countries and to include other elements of the Doha Development Agenda.

Expectations for growth in coming years and the fact that over 900 million people worldwide lives in extreme poverty, spending more than half their income on food, compromises an increase of food production in the world in 80% by 2050.

For that reason, Mexico has decided to continue with the agenda set by the French Presidency of the G20 and chose food security as another priority in the G20 agenda. The Vice Ministers of Agriculture of the G20 and representatives of international organizations met in Mexico City on April 12-13 to review the implementation of previous commitments agreed taken in France and in Seoul.

Among the initiatives that will follow this year, the special envoys included: joint initiatives in research and development, such as the Wheat Initiative, the improvement of the availability and quality of agricultural market information through the creation of the Information System Farmers Market (AMIS), and to strengthen coordination of public policies.

In order to achieve the initiatives of the former French presidency of the G20, Mexico requested international agencies to present a report and their recommendations to encourage farming on a sustainable world, with special emphasis on small family farms. Those who attended that meeting had the opportunity to listen to recommendations from the private sector in agriculture through the Task Force on Food Security, part of the B20. During the same meeting of, the deputy Ministers of Agriculture released a report on food security to be presented to the Leaders, in order to boost global food production, through increased international cooperation.

The deputy ministers also agreed on the importance of agriculture and food security, and urged an alignment of public policies for their care and management, in order to integrate actions to ensure the right to feed our populations.

They strengthened the importance of extending cooperation in research, technology transfer and exchange of experiences in the promotion of investment through public-private partnerships. In accordance with the priority to promote green growth introduced by the Mexican Presidency of the G20, the Deputy Ministers agreed to promote sustainable agriculture, which makes efficient use of natural resources.

On May 15-16, the Tourism Ministerial Meeting took place. It introduced a study that will identify the increase in tourists, income and jobs in every G20 country, derived from the simplification of visa procedures and processes of entry for tourists.

A proposal for a final Declaration on the importance of tourism in the global economic recovery, and the impact of visa facilitation procedures and the creation of jobs in the sector was also supported by major international organizations, such as the World Tourism Organization and the World Council of Travel and Tourism Council, the World Economic Forum and the OECD.

Finally, on May 17-18 the meeting of Ministers of Labor and Employment took place to identify policies to create quality jobs in the formal sector, social security, fair wages, youth employment and successful transition from school to work.

On February 27-28, for the first time, a forum for dialogue of think tanks or independent research centers specialized in global governance, called Think 20, was held.

On that occasion, 22 representatives of 19 Think Tanks, including Dr. Partho Shome, met in Mexico City to discuss the priorities of the Mexican agenda, proposing ways to increase the effectiveness of the Leadership Summit, and discuss the role of these institutions at the G20.

That meeting of experts from developed and developing countries recommended practical and constructive means to keep the G20, focusing on economic and financial issues without neglecting the long-term issues.

Y20 Mexico is an initiative that aims to encourage active youth participation in international discussions on the priorities of the G20 agenda, through an exchange of ideas and proposals by the youth.

This initiative involved conducting interactive forums of ideas through the internet portal of the G20 forum, and a forum for delegates from twenty countries, which took place from May 9-11 in the City of Puebla.

B20

The third meeting of businessmen, known as B20, will be held in Los Cabos in June.

By this means, the private sector will be able to contribute with recommendations to the G20 leaders in areas where the participation of private corporations is essential, such as green growth, food security, employment, trade and investment, innovation, corruption, and financial inclusion.

The participation of the business community in each of these items is substantial in activities such as long-term investments in infrastructure projects, public-private partnerships, combating corporate corruption, the shift to environmentally harmless production models, job creation and diversification of economic activities.

The Mexican Presidency of the G20 has also held many meetings with NGOs in Mexico and abroad.

One of the objectives of these talks is to share information on the status of negotiations in achieving the priorities of the Mexican presidency of the G20, in a spirit of openness and transparency, to consider and pass the proposed civil society organizations, and generate a constructive debate about the priorities of the G20 agenda.

In these dialogues we have seen the broad convergence between the agenda of the G20 Mexican priority issues for local and foreign NGOs, especially in terms of green growth, food security, employment, transparency and corruption, and combating climate change.

Summarizing, Mexico seeks to introduce elements of order and equity by exploiting its capabilities to fill the gap between developed and developing countries and its renowned standing as a bridge between regions. Mexico is a natural facilitator in international negotiations.

Finally, I must emphasize that our objective is to show the value of the G20 as a political mechanism to address the problems currently affecting the world. Their results should lead

not only to better global governance, but also and above all to tangible progress of our societies.

Thank you.