Thematic Debate on “The United Nations and Global Economic Governance”
(New York, 15 April 2013)

Summary

Provided to the PGA by DESA

Overview

1. Pursuant to General Assembly resolution 66/256, H.E. Mr. Vuk Jeremić, the President of the General Assembly, convened the thematic debate entitled “The United Nations and Global Economic Governance” on 15 April 2013 at UN Headquarters.

2. The thematic debate was opened by the President of the General Assembly, followed by the statement of the Deputy Secretary-General and high-level key-note addresses by the President of the European Commission, the Prime Minister of Trinidad and Tobago, the Deputy Prime Minister of Turkey, the Foreign Minister of Chile, the Minister of Finance of Bangladesh, the Minister of International Development of Norway, the Deputy Foreign Minister of Belarus, the President of the ECOSOC and representatives from the IMF, World Bank and WTO.

3. The afternoon session included a briefing by Ms. Ksenia Yudaeva, Sherpa of the current G20 Presidency of the Russian Federation. It was followed by an interactive panel discussion of academics and high-level policy makers, moderated by Ms. Shamshad Akhtar, Assistant Secretary-General for Economic Development. During both the morning and afternoon sessions, the presentations by the panellists were followed by an interactive debate among delegations.

4. Overall, there was a broad support for the thematic debate in the General Assembly on the role of the United Nations in global economic governance. In his concluding remarks, the President of the General Assembly expressed hope that some proposals made during the thematic debate might be incorporated into the upcoming resolution on “The United Nations in global governance”, to be presented by Chile in the coming weeks, as a first step of regularizing relations between the United Nations and the G20.

Key Messages

- Strengthening global economic governance is more important than ever, given the still fragile recovery from the crises and the global nature of emerging challenges (e.g. climate change, financial stability, food security, energy supply, water management).

- The global landscape continues to evolve, with emerging market countries playing an increasing role in the global economy. The G20 continuously faced accrual of its importance in regard to global governance. On the positive side, the G20 helped avoid economic collapse
during the crisis. The G20 was also seen by many Member States as an improvement over earlier groupings, such as the G7, in terms of inclusiveness. Yet, while the G20 represents much of the world's population and economy, it excludes many countries, particularly small states.

- The General Assembly remains the most universal and legitimate body and stands out as the appropriate political forum for major discussions on global economic governance. The challenge is to find the right balance between inclusiveness and effectiveness. There appears to be a convergence of views that the G20 must complement the work of the UN.

- Participants supported strengthening the relationship between the G20 and the UN. This entails building a more systemic relationship. The G20 should formalize and institutionalize existing practices, such as inviting the Secretary-General to attend G20 Summits, inviting the UN Sherpa to participate in G20 preparatory meetings, holding briefings in the General Assembly by the Sherpa of the G20 presidency and having open consultations by the Secretary-General and the UN Sherpa with Member States, pre- and post- G20 Summits. In addition, the G20 should consider appointing a senior official to oversee its engagement with the wider UN membership.

- It was also stressed that the G20 should continue to strengthen its outreach toward other stakeholders, as well as increase coordination with regional groups. The Russian Presidency has been emphasizing outreach activities, and the incoming G20 Presidencies, Australia and Turkey, stressed their commitment to continue to prioritize outreach.

- Some found it also important for the G20 to engage with regional groups such as ASEAN, African Union, etc.

- A stronger UN should be viewed as a central component of a reformed system of global economic governance. In this context, a number of delegations suggested strengthening the role of ECOSOC as a day-to-day link between the UN system, the G20 and the international institutions in global economic governance. It is essential that the G20, the UN system and other relevant stakeholders, including civil society and the private sector, work together in complementary roles to reach effective and inclusive sustainable development in the context of the post-2015 development agenda.

- An effective and inclusive system of global economic governance will be essential for framing and implementing a post-2015 development agenda. The UN provides an appropriate intergovernmental forum to address, in an integrated and holistic manner, the three dimensions of sustainable development (economic, social and environmental).

- It is important to enhance the effectiveness and coherence of the UN system. According to several speakers, the UN needs to reform its own working methods in order to provide useful input to global economic governance. It is also important to put in place a more robust accountability mechanism to monitor progress in the implementation of commitments made by Member States in UN conferences.

- Many countries stressed that the international financial architecture should be reformed. The Bretton Woods institutions have taken important steps to move towards a more representative, responsive and accountable governance structure, but this needs to continue. This includes i.a. broadening and strengthening the voice and participation of developing
countries in multilateral frameworks. Furthermore, a need for greater transparency in the appointment of executive heads of the Bretton Woods institutions was mentioned.

- Several Member States stressed the need for further efforts to increase international tax cooperation and combat tax evasion, including strengthening institutional arrangements for such cooperation at the UN. Consideration should be given to upgrading the Committee of Experts on International Cooperation in Tax Matters into an intergovernmental body.

- The report of the Secretary-General on “Global economic governance and development” (A/67/769) was mentioned positively by several Member States.

Opening Remarks

H.E. Mr. Vuk Jeremić, President of the General Assembly, noted that since the outbreak of the world financial, economic and debt crises the discussions about how to improve global economic governance have gained in significance. The G20 has played an important role and has initiated most of the changes in global economic governance in the past years. However, this raised also questions of legitimacy. The GA should become a venue for enhanced interaction between the G20 and non-G20 Member States as well as international financial and trade institutions, by providing a platform to reflect on common concerns, as well as exchange views and share information. With regards to the post-2015 development agenda, the PGA pointed out that sustained efforts will be required to ensure the activities of key international economic players are mutually reinforcing and complementary, with discussions necessarily taking place at the UN. Concluding, the PGA proposed to formalize existing best practices of G20 outreach, i.a.: inviting the Secretary-General to attend G20 Summits; inviting the UN Sherpa to participate in G20 preparatory meetings; briefings in the General Assembly by the Sherpa of the G20 presidency before and after Summits, with the participation of IFIs as appropriate; thematic debates in the plenary focusing on the priorities of the current G20 presidency; and open consultations by the Secretary-General and the UN Sherpa with Member States in the General Assembly pre- and post-G20 Summits.

Mr. Jan Eliasson, Deputy Secretary-General pointed out that the process of globalization and economic integration required a corresponding evolution in international economic governance, including improved coherence across the UN system. He outlined that the global economic landscape had changed dramatically with the increased importance of emerging market economies. Mr. Eliasson asserted that strengthening global economic governance was more important now than ever in the light of still fragile recovery and the emergence of new challenges relating to climate change, financial instability, food security, energy supply, and water management. While the G20 was an improvement in terms of inclusiveness, over earlier groupings such as the G7, many non-member countries, including small and underrepresented states, have felt marginalized. Mr. Eliasson stressed that international cooperation must be based on common vision, shared values and commensurate responsibility and that the UN remained the most universal and legitimate world body. He also stressed that the world needs to build on the achievements of the Millennium Development Goals (MDGs), which have been the most successful international campaign for poverty reduction. He emphasized that much remains to be done, especially in the areas of water, sanitation and maternal health. Mr. Eliasson underscored that the post-2015 development agenda is an opportunity for a renewed global partnership for development and that sustainable development goals could serve as the right monitoring framework.
High-level Remarks

H.E. J.M. Barroso, President of the European Commission, stressed the growing international interdependence and the importance of the UN against this backdrop. For global well-being, all countries must prosper. He outlined the steps that the countries of the European Union have taken from national independence to European interdependence, and how the countries of the Eurozone continue to grow closer after the economic crisis. Barroso reminded that international trade is a significant factor in global economic recovery. The EU is reinforcing its bilateral trade partnerships and supporting the Doha Agenda. He also stressed particularly the growing importance of the fight against tax evasion. On the G20, he pointed out its significance in the response to the global financial and economic crisis where it has proven a very effective forum for coordinating a global response. In the light of global interdependence, the global debate needs to be opened at public level and in this sense he congratulated the PGA to the thematic debate, and the SG to supporting it.

H.E. Ms. Kamla Persad-Bissessar, Prime Minister of Trinidad and Tobago, stated that present-day economic conditions are having a particularly strong adverse impact on small states that are highly susceptible to external shocks, such as the CARICOM countries. She pointed out that these countries’ need for concessional financing remains high, despite the recent improvements in the IMF lending facilities. She argued that the much higher levels of vulnerability of small states to natural and economic shocks should be adequately considered when making lending decisions, alongside the per capita GDP criteria. She argued that the international community should focus on four areas to promote development in small states and LDCs: (i) concessional financing for infrastructure, (ii) access to markets and tourism, (iii) debt relief for highly indebted countries, and (iv) technology transfer. She stressed that the current international economic governance structure denies effective voice for small countries, as the rules that are developed by the OECD and clubs of large countries affect smaller states. For example, the OECD black and grey lists on tax evasion have affected small countries that are not part of the OECD. Often, rules (such as financial regulation and risk management) do not support a level playing field between large and small states. The speaker stressed that Trinidad and Tobago is using its position as the only CARICOM member of the G24 to advocate greater dialogue with the G20 and more meaningful engagement with small states, and that the GA must play an important role. Ultimately, according to the speaker, global economic governance reforms should reflect the growing role of emerging market developing countries in the global economy, while also enhancing the voice and representation of small low- and middle-income countries.

H.E. Mr. Ali Babacan, Deputy Prime Minister of Turkey, stated that the sharp increase, during the last decade, in the share of emerging and developing countries in the world GDP, needed to be commensurately reflected in the structures of global economic governance. In his view, the emergence of the G20 was a positive development, reflecting an underlying shift in economic power and had allowed the international community to act quickly and decisively in the wake of the global crisis. While the UN has greater legitimacy and universality, it is less effective. He said that the G20 efforts at outreach and its relationships with formal institutions, non-members and other relevant stakeholders needed to be further enhanced. Mr. Babacan mentioned that it was particularly important that the G20 formalize and systematize its engagement with the UN and that the current thematic debate should make a concrete step in this direction. According to the speaker, international trade is the basis of sustainable development and it is of particular importance to complete the Doha negotiations in order to counter protectionist tendencies. He acknowledged that the Bretton
Woods institutions had taken important steps towards a more representative, responsive and accountable governance structure and emphasized that broadening and strengthening the voice and participation of developing countries in multilateral norm-setting remains a priority on the global policy agenda. According to the speaker, there is also a need for greater transparency in the merit-based selection of leaders of the international institutions. Mr. Babacan pointed out that Turkey would assume the G20 presidency in 2015 and attaches high priority to outreach and strengthening the group’s dialogue with non-members.

H.E. Mr. Alfredo Moreno, Foreign Minister of Chile, stressed that, as a truly universal and inclusive multilateral forum, the United Nations should serve as the foundation for the reformed system of global economic governance. In his opinion, the UN was unparalleled as the political forum for discussions on economic issues, combining all three dimensions of sustainable development, as well as for understanding the linkages between economic issues, peace, security and human rights. However, today many key decisions are made by restricted groups of countries, such as the G20. According to Mr. Moreno, the tendency towards replacing rules-based multilateral systems by ad hoc groupings of countries, such as the G20, is worrying from the viewpoint of legitimacy and they threaten the inclusive multilateralism of the UN. Therefore, the G20 should open itself to non-members and enhance its cooperation and consultation with the UN. Mr. Moreno stated that UN primacy in matters concerning general approaches and rules of universal validity should be fully respected and that UN coordination with the BWIs and the WTO should be further strengthened. Mr. Moreno said that Chile will co-facilitate this year’s resolution on global economic governance.

H.E. Mr. Abul Maal A Muhith, Minister of Finance of Bangladesh, also emphasized the primacy of the UN and called for enhancing the effectiveness and coherence of the UN development system. In particular, he pointed out that strengthening ECOSOC would contribute to a more coherent architecture of global economic governance. He drew attention to the lack of effective strategies to assist the Least Developed Countries (LDCs), Small Island Developing States (SIDs), and Landlocked Developing Countries (LLDCs) that need not just financial transfers or technical assistance, but also more focused sectoral investments and access to markets and technology. Therefore, according to the speaker, the sustainable development agenda should be reformulated as a socio-climatic economic development agenda to end poverty and inequality. Moreover, developing countries should be reclassified based on their needs, rather than as upper, middle and low-income countries.

H.E. Mr. Heikki Holmas, Minister of International Development of Norway, paid special attention to the worldwide issue of poverty, tax fraud and corruption, enabled by a general lack of transparency, widespread financial secrecy, and increasing inequality in many countries. He said that 70 per cent of the poor now reside in middle-income countries, and that some countries witnessed over 50 per cent youth unemployment following the crisis. While domestic taxation is the key resource for poverty reduction, multinationals successfully avoid their legitimate tax liabilities, while illicit flows from developing countries using tax havens now exceed ODA flows to these same countries. Therefore, the global financial system needs new strengthened rules for money laundering and tax evasion. Mr. Holmas stated that Norway was in favour of stronger international tax cooperation and consideration should be given to upgrading the Committee of Experts on International Cooperation on Tax Matters into an intergovernmental body.
H.E. Mr. Valentin Rybakov, Deputy Foreign Minister of Belarus, raised the issue of balancing legitimacy versus effectiveness in reforming global economic governance and emphasized the need for inclusive international consultations based on the primacy of the UN system. He emphasized that an effective and inclusive system of global economic governance would be particularly necessary for framing and implementing a post-2015 development agenda. He stated that the 2010 Seoul development consensus for shared growth and the expanding interaction of the G20 with the UN system agencies offered hope in this direction. As a measure aimed at improving the synergy between the UN and the G20 activities, he mentioned that Belarus would like to propose regular adoption by ECOSOC of a declaration addressed to G20 members on the eve of its summits to express UN members’ expectations.

President of the ECOSOC, H.E. Mr. Nestor Osorio (Colombia), stated that ECOSOC was striving for a renewed global partnership for development in the context of the post-2015 development agenda in order to achieve inclusive growth with job creation, while guaranteeing environmental sustainability. That requires enhancing the accountability, effectiveness and coherence of the UN development system at the intergovernmental, institutional and operational levels, as well improving its interaction with informal groupings such as the G20. He mentioned that it was also important to put in place more robust accountability mechanisms to monitor progress in the implementation and fulfilment of commitments made by Member States at UN conferences. Pursuant to the outcome of the Rio+20 conference, Ambassador Osorio pointed out that the UN is engaged in consultations for the creation of a high-level political forum that will support the implementation and monitoring of the concept of sustainable development in its three dimensions.

H.E. Mr. Paul Oquist, Minister-Private Secretary of National Policy, Presidency of the Republic of Nicaragua, reminded delegates that the 2009 UN Conference on the World Financial and Economic Crisis and its Impact on Development adopted actionable recommendations on strengthening the UN role in economic governance. According to him, global governance reforms have so far been inadequate. He stated that the improvisations of the past six years did not constitute adequate progress in strengthening global economic governance and emphasized the importance of reinventing the UN role in global economic governance. Mr. Oquist stated that the G20 had no legal basis and therefore cannot make binding decisions for all countries. He recalled that the origins of the crisis included a weakening of economic governance, such as the dismantling of Glass-Steagall in the United States. In addition, he pointed to weak international coordination on quantitative easing as posing risks to the international economy, particularly for development and emerging countries, and referred to examples of efforts over time by groups of countries to address the vacuum in global economic governance, including the establishment of the BRICS Development Bank, Chiang Mai plus three, ALBA, Bank of Alba, the SUCRE virtual trade currency, Bank of the South.

Mr. Siddharth Tiwari, Director, Strategy, Policy, and Review Department, International Monetary Fund, stressed that good economic governance was more important than ever in today’s highly integrated world economy, with widening spill-overs and transmission channels, including from small to big economies. According to him, the current three-speed recovery from the crisis made careful calibration and coordination of policies doubly necessary and more challenging. He briefed the delegates about the recent progress the IMF made in supporting good policies. He mentioned, in particular, actions taken in relation to the IMF for ensuring adequate financing and effective governance, including the doubling of resources, the integration of bilateral and multilateral surveillance, the introduction of more
flexible and quicker disbursing or precautionary lending facilities and quota and governance reforms.

Mr. Harsha V. Singh, Deputy Director-General, World Trade Organization, stated that leadership, efficiency, legitimacy and coherence are the four key elements of effective global economic governance. According to him, there is a triangle on global economic governance emerging between the UN, the G20 and the WTO. He mentioned that the WTO has a unique role in promoting rules-based international trade, which has become increasingly dominated by intermediate goods exchange, thereby making countries even more inter-dependant. According to Mr. Singh, international trade expansion slowed to 3.3 per cent in 2012 compared to the average of 5 per cent of the last 20 years. Therefore, keeping markets open and resisting protectionist pressures is a critical part of the international strategy for overcoming the aftermath of the crisis. He pointed out that agreeing on a series of deliverables in the Doha negotiations by the time of the WTO Ministerial meeting in Bali is equally important. Of special significance is progress on trade facilitation, agricultural trade and agreeing to a pro-development package for LDCs. According to Mr. Singh, G20 and UN efforts have been instrumental in preventing protectionism, bolstering trade financing, providing aid for trade and protecting food security. The speaker asserted that continued UN and G20 cooperation was essential for supporting the new development agenda and that ECOSOC should be the platform for day-to-day interaction.

Mr. Zia Qureshi, Director, Strategy and Operations, Office of the Senior Vice President and Chief Economist, Development Economics, the World Bank, noted the growing role of the emerging and developing economies in global economic governance, as reflected in the governing bodies of the BWIs and the G20, albeit with a lag. He pointed out that the voting share of these countries at the World Bank rose, following the 2010 reform, and that a new Executive Director seat was given to Africa. According to Mr. Qureshi, the World Bank’s involvement in the G20 working groups on economic development, infrastructure and food security helped bring in the perspective of developing countries into discussions on these important topics. He mentioned that the World Bank was playing a lead role in the G20 work on long-term investment financing, which was of vital importance for sustainable development, and relevant to the UN post-2015 development agenda. He mentioned that the World Bank would continue to actively pursue its efforts towards establishing more inclusive and effective global economic governance and its new strategy aimed at ending poverty through partnership-building for shared prosperity, promoting knowledge and sharing development solutions.

Interactive Debate

A number of salient points were made during the subsequent interactive discussion, including the following (in addition to the points mentioned at the beginning of this summary):

The Global Governance Group (3G) stressed that the UN, as the only global body of unquestioned legitimacy, should lead the effort in shaping the global governance framework, while other international institutions and informal groupings should serve as meaningful complements to it. The G20 should institutionalize its interactions with the United Nations and, as stated in the report by the United Kingdom Prime Minister, Mr. David Cameron, the G20 should appoint a senior official to oversee its engagement with the wider UN membership. He argued that the G20 should continue and deepen the application of the principle of ‘variable geometry’ to allow for the participation of non-G20 members on issues
of concern to them. Ambassador Chua underscored that the UN should, in turn, reform its own internal processes and working methods to stay relevant and action-oriented.

- Participants emphasized that a stronger UN should be viewed as a central component of a reformed system of global economic governance. In this regard, strengthening ECOSOC would contribute to a more coherent architecture of global economic governance. It was also mentioned that the UN needs to coordinate international cooperation, build global development partnerships, and strengthen its ties with other groupings, such as the G20 and regional organizations, such as the ASEAN.

- Speakers stressed the important need for the G20 to continue to strengthen and systematize its engagement with the UN and also to further enhance its relationships with formal institutions, non-members and other relevant stakeholders. The efforts made by the G20 in this respect were acknowledged. However, it was pointed out that more could be done in a number of areas, including greater engagement with small and under-represented small states.

- It was stated that the post-2015 development agenda should make concrete proposals on the reform of international economic and financial architecture from a broad development perspective. This would be important to ensure the synergy between the work of the UN agencies, the BWIs, the WTO and other international bodies dealing with development issues.

- It was pointed out that global economic governance remains fragmented, with unequal country representations by different groups, while the world needs a coordinated single policy framework. A new format for international cooperation is therefore needed. In this context, reference was made to a conference due to take place in Kazakhstan, during the Astana Economic Forum on 23-24 May 2013, which would be discussing relevant issues in this area.

- Participants stressed the need to broaden and strengthen the voice and participation of developing countries in multilateral frameworks and norm-setting, which was deemed a priority on the global policy agenda.


**Briefing by Ms. Ksenia Yudaeva, G20 Sherpa of Russia**

Ms. Yudaeva outlined the priority areas of the Russian G20 Presidency, which include growth through quality jobs and investment; growth through trust and transparency; and growth through effective regulation. These three priorities of the Russian Presidency have served as a lens through which the G20 had considered and discussed the G20 agenda in 2013. There are 8 areas of work: financing for investment; jobs and employment (including a joint meeting between G20 labour and finance ministers); financial architecture reform (main issue is the IMF quota reform); strengthening financial regulation; trade; development; energy sustainability; and the fight against corruption. One of the focuses of the agenda is addressing the challenges of developing a framework for strong, sustained and balanced growth and generating jobs and employment. The Group had also worked on international financial architecture reform, particularly reforming IMF quotas and governance, as well as
issues pertaining to government borrowing and public debt sustainability. Ms. Yudaeva also outlined that strengthening financial regulation and energy sustainability, including issues of energy infrastructure and regulation, predictable energy markets, and green growth are crucial themes.

Ms. Yudaeva stated that the G20, under the Russian Presidency, has emphasized promoting an inclusive development agenda through increasing investments in food security, infrastructure, human capital and promoting financial inclusion. In that context, due attention was also paid to developing a post-2015 development agenda. Finally, the Group is devoting its discussion to enhancing multilateral trade and fighting corruption.

Russia is also emphasizing outreach to stakeholders and representatives of country groups that are not members of the G20, to increase transparency and effectiveness. In that context, Ms. Yudaeva emphasized the importance of intensifying collaboration between the G20 and international organizations, in particular those of the UN system.

The United States said it appreciated the opportunity for the exchange of views between the General Assembly and the Sherpa of the respective G20 Presidency and asked about lessons learned from outreach efforts. Morocco expressed support for the General Assembly discussion and brought up the question of continuity in the G20 since the Presidency changes each year, especially with regard to development issues, as well as the lack of informal mechanisms for accountability.

**Interactive Panel Debate**

The purpose of the interactive panel debate was threefold. The objectives were: (1) to take stock of the changes in global economic governance system (including lessons learned from the economic, financial and debt crises, as well as best practices for G20 outreach); (2) to assess ways in which communication between the G20 and non-G20 countries could be regularized; and (3) to consider the future of global economic governance and the General Assembly.

The panel was moderated by Ms. Shamshad Akhtar, Assistant Secretary-General for Economic Development, UN-DESA. The panelists were: Mr. Shaukat Aziz, former Prime Minister of Pakistan; Mr. Ian Bremmer, President of Eurasia Group; Mr. Gordon de Brouwer, Sherpa of the incoming Australian G20 Presidency; and Professor Jeffrey Sachs, Director of the Earth Institute, Columbia University. The panellists presented a range of sometimes opposing views on the state of the current system of global economic governance, and the potential to strengthen the system.

**Ms. Shamshad Akhtar** called on the panellists to focus their interventions on the pertinent issues raised by high-level representatives of Member States in the morning. Ms. Akhtar highlighted several overarching questions. First, how does global economic governance need to be reshaped in the light of new challenges and emerging issues? Second, given the need to balance legitimacy and effectiveness how can the relationship between the UN and the G20 be fostered in a mutually reinforcing and complementary manner, to best address current development challenges in the context of the post-2015 development agenda? Third, how can the UN system become more agile, responsive and decisive in the light of global challenges?
Mr. Shaukat Aziz pointed out that the crisis revealed inadequacies in the ability of the current system of global economic governance to address current economic challenges and realities. Growing interdependence has made it difficult for countries to implement national policies to address economic crises in isolation. Multiple global crises have increased the financing needs of developing countries dramatically and regionalism, especially in the area of trade, has grown. At the same time, with the rise of emerging economies, new actors have emerged in the development arena and South-South cooperation has become more relevant. Finally, the rising prominence of informal groupings, and particularly of the G20, has been a key factor in a paradigm shift of global governance. However, while the G20 was effective in responding to the crisis, its limited membership raises questions of its legitimacy. The UN remains the only universal body, with unrivalled convening power and a broad mandate. Yet, it needs to continue to take measures to strengthen its effectiveness in the economic, social and environmental areas.

The fundamental question, according to Mr. Aziz, is how to strengthen the UN role in global economic governance. He argued that there are three options, including strengthening the existing structure of the organization, exploring the creation of new mechanisms, and more effectively harnessing the complementarities between formal organizations and informal groups. In this context, he emphasized the need to improve linkages between the G20 and UN. He stressed that a system of global economic governance should promote growth and equity without harming the natural resource base, be based on common visions, shared values, common responsibilities and collective action, and that involvement, ownership and leadership are all crucial for such a system to make the world a better place for all.

Mr. Bremmer argued that the current system of global economic governance is fragmented, disorganized and, at times, contentious. He stated that strengthening the system of global economic governance faces immense challenges due to the different natures of its members. According to him, the G20 has difficulties being effective, since its members face constraints in making decisions given different electoral cycles and domestic priorities. In particular, he argued that the stage of political and economic development in emerging market countries undermines the countries’ capacity to effectively engage on global governance issues. For instance, China, which is on track to becoming the world’s largest economy, has traditionally focused more on bilateral rather than on plurilateral, multilateral, or global partnerships. According to Mr. Bremmer, countries are preoccupied with their own political and economic challenges, which creates a further impediment to strengthening global economic governance. For example, Mr. Bremmer argued that Europeans are dealing with a fundamental crisis as to the nature of the euro zone, which he believes will likely be a major focus of policymakers for years to come. He also stated that the United States had recently shown a trend to disengage globally, which poses further challenges to the existing system of global economic governance. Mr. Bremmer also argued that many countries have found it impossible to implement commonly agreed policies. This was due to the lack of will for collective action, as evidenced, for example, through the lack of fiscal coordination within the G20 during 2009. Moreover, 2010 had shown little to no progress on climate change negotiations. He argued that specific countries generally take the lead in economic governance issues. For example, the response to the crisis in 2008 depended mostly on the US and a few EU States, while the response to the Euro crisis has also depended on a few countries, as well as the ECB. Looking ahead, Mr. Bremmer predicted that global economic governance will become increasingly ad hoc, fragmented and contentious. This trend will likely impact everything from trade to the transpacific partnership. Future success in terms of more regulatory convergence will depend on the effectiveness of existing multilaterals, including the IMF and
World Bank. Moreover, it will also depend on the extent to which new emerging multilateral banks, including the China Development Bank (which deployed more capital than most other multilateral financial intermediaries) and the much discussed BRICS bank, are willing to cooperate.

Mr. Sachs argued that the international economic system is not working effectively and needs to be reformed. According to him, there are at least five flaws in the current system. First, the current international financial system had failed to ensure stability. Moreover, the response to the world financial and economic crisis has led to massive expansion of liquidity around the world, which poses risks of another round of bubbles and financial disturbances. Second, development finance is clearly in crisis. While there continue to be significant global development needs, the appetite for raising official development assistance (ODA) clearly waned after 2008 due to fiscal deficits. Third, the speaker emphasized that the current international financial system caters to illegality and inequity. Recently, the International Consortium of Investigative Journalists released detailed information on off-shore tax havens. Nonetheless, tax havens continue to be used. Fourth, the international financial system had not yet found a way to address the loss of biodiversity, climate change, desertification and other environmental threats. The major multilateral environmental agreements have failed to reach their goal. In the United States, Congress had little intention implementing legislation to address climate change because of the political power of oil companies. Finally, societies have become more unequal in the current system of global economic governance. While the United States still has most of the billionaires of the world, China has been catching up. The trend of increasing inequity in most countries in the world is not in line with the goal of more stable societies. Mr. Sachs further stated that the process of expansion from the G7 and G8 to the G20 in response to economic realities has been a step in the right direction. He acknowledged that the G20 has its pluses: it represents about 72 per cent of global population and probably about 90 per cent of the world economy. However, it does not represent the world's most vulnerable and marginalized. Consequently, there is a need for strengthening standards and rules to create a global economic system that is responsive to the most vulnerable and to the needs of future generations. In this context, Mr. Sachs pointed out that it is important to set truly global sustainable development goals, as agreed to in the outcome document of the United Nations Conference on Sustainable Development. The speaker further emphasized that sustainable development is the appropriate framework to gauge development since it balances economic, social and environmental considerations. He further noted that an additional way to simplify the existing unwieldy global system is through stronger regionalism, which would lower the number of key players to a manageable number.

Mr. de Brouwer argued that it is important to be clear of what the G20 is and what it is not. The G20 is not a formal institution or a rule-setting body; it has no Secretariat; it is chaired by a selected presidency from the Group; and to arrive at agreements, there needs to be consensus among its members. He argued that the G20 is only one instrument amidst a variety of tools. For an effective global response to international economic challenges, the world needs to employ a variety of mechanisms. In this sense, the G20 should be complementary and supportive of genuinely global bodies like the United Nations. Mr. de Brouwer stated that under the Australian Presidency in 2014, the G20 will continue to work on strengthening their internal coordination mechanism, the Troika, while ensuring continuity in the agenda. He believes it is imperative that development remains a priority item on the agenda. He stated that the G20 has been engaged in a discussion on a framework for economic growth and development, which recognizes the core mutual dependence of countries, and the mutual responsibility of major economies not just to each other but
globally. The framework had supplemented by action plans, country-led peer-reviews and transparency. He noted that other achievements of the G20 have been to help mobilize financial resources for the IMF in order to buttress the international monetary system, and an important behind-the-scenes role in preventing a large-scale breakout of protectionism and insularity in domestic policies in the wake of the crisis. Looking ahead, Mr. de Brouwer noted that the G20 could contribute to economic growth, job creation, as well as the promotion of trade and development. An important challenge will be to look for new sources of growth, given that macro instruments have largely been exhausted. He argued that the focus has to be on private-sector-led sources of growth, with particular attention to investment into infrastructure and trade. He also emphasized the importance of implementing a development agenda that focuses on inclusive growth. Mr. de Brouwer also mentioned that the G20 could help manage the current economic transformation embodied in the rising importance of the new emerging economies. These economies need to be included in global arrangements in a manner that is commensurate with their size and the significance. He suggested that the G20 will play a supportive and catalytic role in reforms of existing formal arrangements to cope with these new economic realities. Mr. de Brouwer stated that the G20 would like to continue to be engaged in further discussions on reforms of global economic governance with the United Nations, as it values the input of all United Nations Member States, as well as civil society, labour unions and the private sector.

Interactive Discussion

During the discussion, the following points were raised:

- Participants emphasized the importance of strengthening the voice and participation of developing countries in multilateral and norm-setting institutions. While the important steps undertaken by the Bretton Woods institutions in this regard were acknowledged, speakers asserted the need for global economic governance structures to continue to better reflect the increasing importance of developing countries in the world economy.

- Some argued that the G20, and other G configurations, do not have a mandate to engage in policies that affect non-member countries. It is therefore important that the G20 interact with non-member States through the United Nations.

- It was underscored that, in order to be effective, the G20 will need to engage in partnerships with other relevant entities and stakeholders. In this regard, some delegations expressed the hope that the G20, the UN system and other relevant stakeholders, including civil society and the private sector, will work together in complementary roles to reach effective and inclusive sustainable development in the context of the post-2015 development agenda.

- Speakers also pointed out the need for the established multilateral organizations (including the UN, World Bank, IMF and WTO) to work together effectively. In this respect, it was also stated that the main multilateral organizations should not compete with each other. Rather, their roles should be complementary.

- It was emphasized that the UN should play a central role in finding common solutions to international problems. In this context, it was underscored that the UN provides legitimacy to international actions, and is unique in facilitating multi-level, universal
and all-inclusive dialogue and cooperation. It was argued that the UN should embrace much wider responsibilities in the area of global economic cooperation.

• At the same time, speakers pointed out that the UN should also go through necessary adaptation and reforms. The importance of enhancing coherence across the UN system and the need to continue efforts to strengthen the effectiveness and coordinating role of principal UN organs, such as ECOSOC and its subsidiary bodies was mentioned.

• A speaker pointed out that global governance should not be mistaken for global government but instead should refer to the need for improved, inclusive international cooperation. According to some speakers, an enabling framework of global economic governance should balance effectiveness with inclusiveness and representativeness, should promote an enhanced role of regional and sub-regional cooperation and should address pressing issues, including those relating to trade, debt and poverty eradication.

• Another participant stated that the path to more effective governance does not necessarily require the creation of new institutions and processes. Rather, it requires the effective policy coordination to enable existing institutions to work more effectively within their current mandates. The speaker also emphasized the need to adjust the philosophy, structure and mandate of existing institutions and bodies to the size and scope of present-day challenges and to provide the necessary financial resources.

Concluding Remarks by the President of the General Assembly

H.E. Mr. Vuk Jeremic, President of the General Assembly concluded the thematic debate by highlighting a number of points raised during the meeting. At the outset, he pointed out that the growing importance of the G20 in global economic governance was perceived as a positive development compared with the pre-existing mechanisms such as G7, reflecting the underlying shift in economic power toward emerging and developing economies. However, he underscored that the G20 is still widely seen as an exclusive club whose conclusions are reached in a non-transparent, unaccountable way, and which excludes a majority of UN Member States. While the G20 has made important efforts at outreach, these should be continued and enhanced. In particular, the President emphasized the need for the G20 to continue to strengthen and systematize its engagement with the UN, as well as non-members and other relevant stakeholders.

He expressed the general agreement that as a truly universal and inclusive multilateral forum, the UN has a central role in global economic governance. At the same time, he stated that efforts should be made to enhance the accountability, effectiveness and coherence of the UN development system. In particular, strengthening ECOSOC would contribute to a more coherent architecture of global economic governance. He also highlighted the importance of putting in place a more robust monitoring and accountability mechanism to monitor progress in the implementation and fulfilment of commitments made by Member States in UN conferences.

The President of the General Assembly acknowledged the important steps that the Bretton Woods institutions have taken to move towards a more representative, responsive and accountable governance structure. He nevertheless emphasized the need for continuing efforts to broaden and strengthen the voice and participation of developing countries in
multilateral frameworks and norm-setting bodies. In particular, he noted the calls made for further efforts to increase international tax cooperation and to combat tax evasion. In this regard, he pointed out that consideration should be given to upgrading the Committee of Experts on International Cooperation in Tax Matters into an intergovernmental body. Finally, he asserted that an effective and inclusive system of global economic governance will be essential for framing and implementing a post-2015 development agenda. In this regard, the active participation of all relevant global actors in discussing key development issues is essential. There is moreover a need to continue to encourage the participation of non-state stakeholders in dialogue and activities pertaining to development.

The President concluded that the thematic debate had made a contribution towards advancing the discussion on the role of the United Nations in global governance and expressed his thanks to all the speakers, panellists and participants.