



The G20 Antalya Communiqué: The main achievements and the way forward ¹

Turkey's G20 Presidency ended with the Antalya Summit this week. Turkey held 170+ meetings over the course of its G20 presidency – more than any previous host – the outcomes of which are reflected in the wealth of topics covered by the final communiqué. Overall the communiqué reflects a strong emphasis on inclusivity, and developmental issues including the sustainable development goals (SDGs), energy access, climate change, and refugee crises. The two items that stand out are the inclusion of the Internet for the first time in a leaders' declaration and the focus on small and enterprises (SMEs). The economic and financial agenda is less groundbreaking, with successes in these areas limited to the completion of ongoing initiatives by the Financial Stability Board (FSB), the monitoring of progress on implementation of reforms and targets, as well as institutional capacity building.

This note summarizes the main achievements put forward in the leaders' communiqué, drawing attention to areas that the G20 should address in the future.

Macroeconomic coordination and financial stability

Within the financial reform agenda, the most significant breakthrough was the introduction of sovereign debt restructuring into the G20 leaders' communiqué. While the recognition of sovereign debt crisis in the communiqué is an important step, the G20 needs to work towards designing a global public mechanism to bring predictability to sovereign debt restructuring processes.

On other issues related to financial reform, the international standard on total loss-absorbing capacity (TLAC) for global systemically important banks (G-SIB) was finalized and an agreement reached on the first version of higher loss absorbency requirements for global systemically important insurers. The

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communiqué also highlighted strengthening of oversight and regulation of shadow banking. Yet, absent from the communiqué were specific measures to strengthen macroprudential regulatory oversight: for instance, the potential role of big data in identifying system-wide risks and the coordination of financial data repositories that are being constructed by individual countries. Macroprudential regulatory oversight takes into account vulnerabilities in the financial system as a whole, covering the area of shadow banking, and is thus critical for responding adequately to the next global financial crisis.

On the international tax agenda, the G20/OECD Base Erosion and Profit Shifting (BEPS) measures were finalized. The communiqué urged the implementation of the BEPS project through its reaffirmation of previous commitments to information exchange on request as well as to automatic exchange of information by 2017 or the end of 2018. In order to strengthen developing economies' engagement in the international tax agenda, a framework for the involvement of interested non-G20 countries and jurisdictions will be prepared by 2016, which involves providing technical assistance to interested developing economies in tackling the domestic resource mobilization challenges. The BEPS initiative that forces multinationals to provide aggregate information in each jurisdiction where they do business is critical in addressing inequalities both within and across countries.

The communiqué was more passive on issues related to governance of international finance and macroeconomic coordination. There was still no resolution on the IMF quota and associated governance reforms to make the Fund more representative. Though the leaders urged the United States to ratify these reforms, the communiqué did not and could not go beyond requesting the International Monetary Fund (IMF) Executive Board to pursue an interim solution to meaningfully meet quota shares. Leaders were passive on their stance regarding the IMF's quinquennial review of the special drawing rights (SDR) basket this year – they merely emphasized that the SDR basket composition should continue to reflect the significance of currencies in global trade and finance and that they look forward to the completion of the review of the method of valuation of the SDR.

Similarly, progress on global trade governance was limited. While there was an emphasis on aligning bilateral, regional, and plurilateral trade agreements to complement one another, as well as multilateralism under World Trade Organization (WTO) rules, there was no discussion on the potential setbacks presented by new mega-regionals such as TTIP and TPP. One positive outcome for trade was the leaders' request for their trade ministers to meet on a regular basis and the establishment of a trade working group.

Growth and investment

A year ago, with the Brisbane growth strategies, the leaders committed to achieving 2 percent additional growth by 2018. Since then the baseline scenario growth has been downgraded by 2 percent, so that a total of 4 percent additional growth is now required to meet the Brisbane objective. Yet, assessments by the international organizations indicate that, with the current performance of the countries to implement their Brisbane commitments, only 0.8 percent additional growth could be

generated by 2018. While there is no explicit discussion of this gap in the communiqué, two key initiatives have been introduced to meet the growth targets: the accountability framework and country-specific investment strategies.

The accountability framework was developed to help countries adapt their growth strategies to changing global circumstances in order to achieve the 2 percent growth target, with a focus on each country's most substantive commitments. Countries selected a total of 127 key commitments out of more than 1,000 commitments made in Brisbane; they provided detailed information and schedules about implementation of these key commitments, which were evaluated through peer reviews and international organizations. The analysis carried out by the IMF, Organisation for Economic Co-operation and Development (OECD), and World Bank Group showed that implementation of commitments so far represents more than one third of the G20's collective growth ambition. Moreover, the Antalya Action Plan adopted by leaders includes adjusted growth strategies and implementation schedules for key commitments based on the review.

The Turkish Presidency also introduced country-specific investment strategies to help countries address shortfalls in their growth commitments by stimulating more infrastructure investment. These strategies focus on policies and actions to improve the investment ecosystem; foster efficient and quality infrastructure, including by the public sector; support SMEs; and enhance knowledge sharing. Countries submitted over 300 measures that support and complement the Brisbane growth strategies. Overall these are expected to generate a 1.1 percent increase in the investment-to-GDP ratio in the G20, equivalent to US\$4.5 trillion additional investment.

Furthermore, the Global Infrastructure Hub initiated by the Australian Presidency last year became operational in 2015. The Australian Presidency brought infrastructure to the forefront of G20 discussions in 2014, emphasizing infrastructure investment in the G20 national growth strategies. At the Brisbane Summit, the G20 leaders endorsed the Global Infrastructure Initiative – a multi-year work program to lift quality public and private infrastructure investment – and the establishment of the Global Infrastructure Hub – a four-year project that will serve as a knowledge-sharing platform and network between governments, the private sector, development banks, and other international organizations.

Beyond the economic and financial agenda

The Presidency's SME priority was effectively streamlined across issues of growth, trade, and investment. Most significantly, the leaders endorsed the establishment of the private sector-led World SME Forum as a global body to support SMEs' contribution to growth and employment. The SME agenda was also incorporated into the country-specific investment strategies established this year. There was a special focus on long-term financing for SMEs that will be supported by the Joint Action Plan on SME Financing and the G20/OECD High-Level Principles on SME Financing as guidance. The leaders also extended their support to trade policies that will facilitate participation of SMEs in global value chains.

On issues related to within-country inequalities, the communiqué extensively addresses issues of employment and income distribution. The leaders agreed on a target for “reducing the share of young people who are most at risk of being permanently left behind in the labor market by 15 percent by 2025 in G20 countries.” The target group has been identified as “low skilled or informally employed young people and the young people who are neither in employment nor in education or training (NEETs).”

A leaders communiqué for the first time includes a reference to social dialogue partners – welcoming the B20 and L20 joint statement on jobs, growth, and decent work – in the context of employment. The communiqué uniquely highlights better coordination between finance, and labor and employment ministers in reviewing growth strategies and employment plans. On the issue of income distribution, the leaders commit to the implementation of the G20 Policy Priorities on Labour Income Share and Inequalities to make labor markets more inclusive.

The communiqué highlights the integration of youth into the labor market through the G20 Framework on Promoting Quality Jobs, the G20 Skills Strategy to improve and invest in skills, as well as the promotion of entrepreneurship. Yet, the leaders’ commitment to “bridge the digital divide” in the final paragraph of the communiqué has not been effectively linked up with skilling of young people. The communiqué also does not state specific positions or action points regarding issues of international labor mobility and the ageing of populations.

On the 2030 Agenda, the leaders commit to taking action towards the realization of SDGs, emphasizing low-income developing countries. The G20 has engaged with the UN developmental agenda since the incorporation of the Seoul Development Consensus in 2010, and the G20 leaders for the first time recognized the UN’s Sustainable Development Goals (SDGs) framework at the St. Petersburg Summit in 2012. In the current communiqué, the leaders propose “an action plan” (to be developed in 2016) to better align the G20’s development focus with the 2030 Agenda. This framework may help bring greater legitimacy to the G20’s developmental agenda (given that the UN agenda is signed by 193 countries) as well as helping to structure the way G20 engages with developmental issues. The G20’s incorporation of the 2030 Agenda right after its ratification may also help focus the efforts of G20 countries towards realizing these goals.

On energy access, the emphasis on investments in clean-energy technologies reenters the leaders communiqué, and also refers to the critical importance of research and development in this area. To this end, the leaders endorse the G20 Toolkit of Voluntary Options for Renewable Energy Deployment. The emphasis on cooperation for the development and diffusion of clean energy technologies in supporting energy access and efficiency reflects a more long-sighted outlook regarding the contribution of technology and innovation in achieving developmental and sustainability targets. Equally important is for the G20 to increase its attention on global cooperation mechanisms and regulatory frameworks to ensure global diffusion of new technologies to tackle global challenges not only of energy access and climate change but also of food security and health epidemics.

While the UN’s Climate Change Conference (COP 21) in Paris is around the corner, the communiqué does not deliver as strong of a message as would be expected. The Intended Nationally Determined

Contribution (INDC) declarations presented by individual countries this year have already proved inadequate. Yet, the leaders did not go beyond repeating their “determination to adopt a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC” (also included in the previous two G20 leaders’ communiqués). Even more worrisome is the fact that leaders underlined that the agreement in Paris should be based on “the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances.” The phrase “differentiated responsibilities” has found its way back into the communiqué after five years.

This year, the word “Internet” was for the first time adopted in a leaders’ communiqué. Paragraph 26 included two important statements on Internet technologies. First, it called for cooperation on cyber security, especially against attacks on businesses, bringing to the G20 agenda the need for global policy coordination to respond to the exigency of the accompanying regulatory challenges relating to the Internet. Furthermore, the focus on cybersecurity from the point of view of both theft of trade secrets and government surveillance of digital communication reflects a balanced approach between American corporate concerns and reactions against government surveillance after the Snowden revelations.

Second, the communiqué called for action to “bridge the digital divide.”

Nevertheless, the Internet agenda needs to be better integrated into G20 agenda items: ranging from the skill requirements of the digital economy and the role of big data in financial system oversight to the opportunities offered by digital technologies for increasing financial inclusion (for example, digital payment systems that can help facilitate remittance transfers) and lowering trade costs and corruption, for instance, through digitization of customs procedures.

Lastly, each year the G20 leaders address humanitarian crises at the Summit – this year the spotlight was on the ongoing refugee crisis in Syria. With respect to the refugee crisis, leaders called upon “all states to contribute to responding to this crisis, and share in the burdens associated with it, including through refugee resettlement, other forms of humanitarian admission, humanitarian aid and efforts to ensure that refugees can access services, education and livelihood opportunities.” The severe drought and subsequent food crisis in East Africa during 2011–12 led to the issue of food security being fast-tracked into the G20 agenda. The Antalya communiqué, however, did not continue previous years’ emphasis on preventing future outbreaks from becoming epidemics – an issue that came to the attention of leaders in Brisbane after the Ebola outbreak.