

Korea to host G-20 summit in 2010 Headline

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Following an agreement between leaders of the world's major economies to institutionalize the conference as a permanent council on global economic cooperation, South Korea will host the Group of 20 summit in November next year, President Lee Myung-bak announced yesterday.

The leaders of the world's 20 largest economies will meet in Canada in June and Korea in November for economic policy coordination, President Lee and Canadian Prime Minister Stephen Harper said in a joint press conference in Pittsburgh, the United States, broadcast live last night.

Leaders of the Group of 20 rich and developing countries agreed during a meeting in Pittsburgh on Thursday to transform their club into the main body for coordinating economic policy, largely replacing the role of the existing Group of Eight, a forum for the industrialized nations that has long dominated the world economy.

The shift from G-8 to G-20 is designed to reflect the changing global economy with emerging economies such as China, India and Brazil as well as South Korea.

Participating leaders at the G-20 summit agreed on the change at a working dinner on Thursday evening as part of the two-day summit.



U.S. President Barack Obama and First Lady Michelle Obama welcome Korean President Lee Myung-bak and his wife Kim Yoon-ok to the G-20 dinner at the Phipps Conservatory on Thursday in Pittsburgh, Pennsylvania. [AFP]

“Today, leaders endorsed the G-20 as the premier forum for international economic cooperation,” the White House said in a statement after the dinner. “This decision brings to the table the countries needed to build a stronger, more balanced global economy, reform the financial system, and lift the lives of the poorest.”

The Group of 20 was created in response to the financial crisis in the 1990s and to growing recognition that emerging economies were not adequately included in the core of global economic discussions and governance. The G-20 leaders had their first financial summit in Washington in November 2008 to address the aftermath of the financial meltdowns that hit the world earlier that year. Another round of meetings took place in London and this week’s meeting in Pittsburgh is the third of its kind.

While the Group of Eight will continue their consultations on matters of common importance such as security, global economic issues will largely be handled by the Group of 20, which currently accounts for nearly 85 percent of the world’s gross domestic product.

G-20 leaders will gather once a year for a routine summit starting 2011. In the interim year of 2010, Canada and South Korea will host two rounds in June and November respectively. South Korea assumes the forum chairmanship next year.

“Follow-up measures from Pittsburgh within the G-20 will fall primarily to South Korea as the chair and host of G-20 meetings during 2010,” according to Scott Snyder, director of the Center for U.S.-Korea Policy of the Asia Foundation, on his organization’s Web site. “This development will mark a significant symbolic turning point in global governance, as South Korea will be the first non-G-8 country to hold those responsibilities since the G-20 has emerged as a venue for addressing global financial issues at the leadership level. It also places the burden of proof on South Korea to show that an expanded forum beyond the G-8 can provide effective global leadership in response to the crisis.”

A senior Lee administration official said Korea’s hosting of the G-20 in November next year would be a breakthrough in the country’s diplomatic history.

“Lee’s leadership in past G-20 summits in Washington and London has been largely praised,” the official said. “The president made clear his position against trade protectionism, initiating ‘standstill’ pledges among the participants at the Washington G-20 summit not to erect any new trade and investment barriers. This

has been seen as one of the most significant achievements of the forum.”

Shortly after the Washington summit last year, South Korea launched aggressive diplomatic efforts to host a G-20 summit. Lee ordered a task force to be established and appointed Sakong Il, then his special economic advisor, to head the G-20 Summit Coordinating Committee.

Sakong has traveled around the world as Lee’s envoy to persuade major G-20 nations including the United States, Britain, France, Germany, China and Japan to support Korea’s bid, and the 10 months of passionate diplomacy seem to have paid off.

“If I wrote a book about Korea’s efforts to host the summit, it would run into volumes,” Sakong said.

“This is not [an unexpected] windfall,” a senior South Korean official added, noting that U.S. President Barack Obama was the most supportive of Korea’s bid. At the London summit in April, Obama suggested that Korea should host the 2010 summit and the proposal was widely endorsed by G-20 members, he explained.

Next year’s G-20 summit schedules are also arranged in order to make optimal use of a scarce resource - the global leaders’ time. In June, Canada was scheduled to host the G-8 summit, and hosting the G-20 within the same time frame is expected to significantly curtail the amount of travel world leaders have to undertake. In November, Japan also hosts the APEC summit, and Korea’s hosting of the G-20 in the same month will serve the busy schedules of state heads best.

The Foreign Ministry will soon launch a preparation team for the summit. The venue is undecided, but a plan to host it in Seoul and a bid by Incheon will be reviewed.

Wrapping up his UN diplomacy in New York earlier this week, President Lee traveled to Pittsburgh to attend the G-20 summit on Thursday, U.S. time. In this latest meeting, the leaders are expected to discuss the timing for implementing exit strategies from emergency measures taken to protect their economies.

At a working dinner hosted on the eve of the G-20 summit, Lee urged the leaders to resolve global imbalances. “We must reinforce our global safety network through the International Monetary Fund so we can reduce the desire of developing and emerging nations that are more vulnerable to outside shocks to accumulate foreign

currency as a means of insurance,” Lee said.

Lee also praised the world economies’ efforts to boost the International Monetary Fund’s financing capacity by \$1.1 trillion to better assist financially weak countries. Noting the overreaching of the goal, Lee urged that the resources be used to provide realistic help to developing nations and newly emerging economies.

Lee also proposed reforming the IMF to enhance its credibility and the legitimacy of the World Bank.

Lee and other leaders will attend the G-20 summit throughout Friday to address major issues linked to the aftermath of the global financial crisis. A communique is planned to be adopted at the end of the summit, and U.S. President Obama is scheduled to address the press to officially end the gathering.

In an earlier publication for the University of Toronto’s G-8 Research Group, Lee argued that it is premature to implement exit strategies from emergency measures taken to shield economies from the crisis, warning that hasty action may bring about a double-dip recession. The position is expected to be reiterated at the G-20 main sessions on Friday, U.S. time.

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