

What to expect from G2012

By **AMBASSADOR LOURDES ARANDA BEZAURY**

UNDER-SECRETARY OF FOREIGN AFFAIRS AND G20 SHERPA, MEXICO



LOURDES ARANDA BEZAURY

graduated with a Bachelor's Degree in International Relations from El Colegio de México, undertaking post-graduate studies at the Institut Universitaire de Hautes Études Internationales in Geneva and the Inter-American Defense College in Washington, DC. A career diplomat since 1984, she has been Under-Secretary of Foreign Affairs since 2003, with responsibility for Mexico's relations with countries in Africa, Asia, Europe and the Middle East. In 2005 she was appointed Mexican Sherpa for the G5 and the Outreach Dialogue with the G8, becoming G20 Sherpa in 2008.

Ambassador Aranda addresses the other G20 Sherpas

In today's globalised world, the complexities of the relations among countries force us to rethink traditional perspectives. No unilateral decisions can meet the global economic, political, environmental and security challenges we face, hence the need for multilateral approaches. The Group of Twenty (G20) was established precisely to offer multilateral solutions to our current economic and financial challenges by bringing together the developed countries and the large emerging economies.

The G20 has proven its great value in facing global challenges. The crisis that started in 2008 was mitigated by the immediate coordination of policies within the Group. But the international community still faces major economic challenges. The recent behaviour of financial and capital markets underlines the importance of global actions, and the G20 Summit faces enormous expectations.

As the most important mechanism of financial coordination, the G20 is vital in facing the current challenges. But its action is not sufficient; it requires decisive definitions on the part of Europe. Neither is it focused solely on the immediate, critical agenda. The G20 Summit is an opportunity to reflect on how to reconcile the stabilisation of the international financial system with the need to lay the foundations for sustained economic growth in all countries.

Mexico chairs the presidency of the G20 in 2012, and

hosts its Leaders' Summit, in Los Cabos, Baja California, on June 18th and 19th. As we finish this article, a few days before the Summit, we can safely assume that the economic crisis in Europe, and the effects of the Greek elections on the very eve of the Summit, will certainly engage the Leaders' discussions; we are just as certain that long-term issues will also be key in their agenda.

Mexico proposed five priorities for the G20 during 2012. This agenda reflects both the continuity of the work and achievements made in previous years and the new challenges for policy coordination that emanate from the 2012 economic outlook.

1. Stabilising the economy and setting the structural reforms for growth and employment.
2. Strengthening of the financial systems and promoting financial inclusion to boost economic growth.
3. Improving the international financial architecture in a networked global economy.
4. Promoting food security and addressing the issue of price volatility of raw materials.
5. Encouraging the sustainable development agenda including infrastructure, energy efficiency, and boosting green growth and financing to combat climate change.

Working groups have achieved significant progress in the agenda. G20 members have agreed on setting as priorities the improvement of the international economic regulation and reactivation of employment; both are



essential to face the current economic environment. The most important measures agreed upon include the increasing credit capacity of the International Monetary Fund and the commitment to economic openness. Additionally, countries agreed to achieve consistency between their social and economic policies – at the national and international levels – as a joint effort to promote the creation of quality jobs in each economy.

To strengthen the financial system, the G20 performed a preliminary analysis of systemically important local banks and an Action Plan for Financial Inclusion, which aims to bring quality financial services to the most marginalised sectors. Mexico made a key contribution to the agenda in this area by insisting that financial inclusion be regarded as a central element for the strengthening of the domestic financial systems and by contributing with its experience in this area. Moreover, the G20 Finance Ministers have reaffirmed their interest in achieving a better international financial regulation through the commitment to implement the Governance and Fees Reform prior to the next Annual Meeting of the IMF and World Bank to be held in Tokyo in October 2012.

The IMF, World Bank, and the UN handed preliminary recommendations to the Group related to price volatility and the effort to achieve food security. In the same vein, the OECD and FAO are coordinating a Report on Agricultural Productivity Growth to present at the Leaders' Summit in June.

In regard to the agriculture and food sector, the G20 has served as a forum to build a food security agenda and agree on mechanisms to implement the actions and initiatives raised in the G20 Action Plan, which was agreed upon in May 2012, regarding price volatility in agriculture. The Mexican presidency established a formal working group on climate change

whose objectives include securing fund to tackle global warming. Another goal of this working group is the development of strategies to promote international sustainability and green growth.

The challenges faced by the G20 are many and diverse, and its actions affect people beyond the borders of its member countries. This is the reason why the Mexican Presidency engaged in an unprecedented outreach effort. The discussions of the Group have been enriched by the more than eighty meetings with the business sector (B20), academia (Think20), young people (Y20), labour unions (L20) and civil organisations, as well as encounters with non-member countries, regional organisms and international organisations. The financial recovery and economic growth in the world now therefore have a more effective space for discussion, since the inclusion of these new actors in the search of alternative solutions enrich the plurality and scope of the dialogue. In conclusion, we can and should expect good outcomes on the priority issues that have already been negotiated and will be presented during the Leaders' Summit.

Mexico's G20 Presidency will not end with the Leaders' Summit, but continue until November. In the five months left after Los Cabos, our goal is to ensure that member countries increase G20's effectiveness through deeper cooperation and greater inclusion of external actors. The 2012 Presidency of G20 will help put the world back on the track of economic growth, and will propose effective measures to protect the world against future economic difficulties.

We know that the advantages of international dialogue and multilateralism, both of which G20 aims to represent, will only be realised when the benefits derived from agreements between nations reach the citizens and their families. This is precisely our goal.

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Family photo of the Third Meeting of G20 Sherpas

