



AVİM

Türkmeneli İşbirliği ve Kültür Vakfı  
**AVRASYA İNCELEMELERİ MERKEZİ**  
CENTER FOR EURASIAN STUDIES

# TURKEY IN THE TROIKA OF G-20, PREPARING TO ASSUME THE CHAIR IN 2015

UNITED STATES JAPAN SOUTH KOREA UNITED KINGDOM  
SOUTH AFRICA ARGENTINA CHINA INDIA RUSSIA FRANCE  
CANADA MEXICO INDONESIA TURKEY GERMANY  
AUSTRALIA BRAZIL SAUDI ARABIA EUROPEAN UNION ITALY



14 November 2013, Ankara

The Center for Eurasian Studies, AVİM, is a think-tank established in 2009 by the Turkmeneli Cooperation and Cultural Foundation in Ankara. The focus of its work is on the Caucasus, Central Asia (with an eye on Turkic Republics), Asia, the Balkans and the European Union. AVİM has also taken over the activities of the Institute for Armenian Research that was active in the years 1999-2009 within the framework of the Center for Eurasian Strategic Studies (ASAM).

AVİM has organized 6 “brain-storming” sessions/meetings in 2013 on such diverse topics as the Turkish-Armenian relations, Hocali, massacre or genocide, in the framework of Armenian problem, the Caucasus and Regional Integrated Transport Corridors Project, prospects and priorities of Turkey in Asia and Turkish foreign policies towards Balkans.

In this booklet we have the pleasure to present the transcripts and presentations of speakers of the brain-storming session that took place on 14th of November, 2013 with the participation of diplomatic corps and representatives from NGOs. The meeting was entitled as “G-20 – The Global Economic Forum, with Australia in the chair in 2014 to be followed by Turkey in 2015”. At the meeting speakers took up the global economic outlook following the St. Petersburg Summit of G-20 last September. The distinguished speakers were Undersecretary of the Treasury Mr. İbrahim Çanakçı on Turkey’s prospects, Ambassador of Australia H.E. Ian Biggs representing the chair of G-20 for 2014, on Australia’s guidelines in 2014 and H.E. Mehmet GÜCÜK, Ambassador, Deputy Undersecretary of the MFA, Sherpa of Turkey, on Turkey’s potential and possible contributions in 2015. Furthermore, the Ambassador of the Russian Federation H.E. Andrey Karlov was kind to acquiesce to our request to also contribute with an article on Russia’s experiences and expectations as the president of G 20 in 2013 and the current member of the troika, together with Australia and Turkey.

**H.E. Ambassador (Rtd) Alev KILIÇ  
Director of AVİM**





Türkmeneli İşbirliđi ve Kùltür Vakfı  
**AVRASYA İNCELEMELERİ MERKEZİ**  
CENTER FOR EURASIAN STUDIES



# **TURKEY IN THE TROIKA OF G-20, PREPARING TO ASSUME THE CHAIR IN 2015**

**Ankara, 14 November, 2013, Ankara Palace, 15:00**





## H.E. Ambassador (Rtd) Alev KILIÇ Director of AVİM

Excellencies, Ladies and Gentlemen, Dear guests,

I welcome you on behalf of the Eurasian Studies Center (AVİM) to another monthly brain storm session on a topic which is drawing much attention and interest both in Turkey and on a global scale. The presentations and discussions today will focus on the Group of twenty or G-20, where Turkey is now in its troika, to assume the chair in 2015.

The G-20 has come into being out of the need to have global cooperation and coordination to prevent the global financial crisis turn into global economic recession. The Group's inaugural summit was held in Washington D.C. /USA in November 2008. It has an annually rotating chair, the chair country also hosting a summit meeting attended by heads of state/government of member countries. The last, eight summits was held in St. Petersburg/RF this past September. The chair for the year 2014 is assumed by Australia. Turkey will be taking over in 2015.

The five-year record of the G-20 has demonstrated the Group's value as a coordinating body for economic prescriptions and economic crisis management. It has evolved to be acknowledged as the main international economic council. Understandably, the aim of G-20, particularly from the point of view of its developing economies, is to assume a responsible role in the progress of global economy, to lead a strong, sustainable, balanced and inclusive growth.

We have three distinguished speakers today who are in positions to not only to inform and bring us up to date but also to provide us with exquisite insights on what is to come. The first speaker is Mr. İbrahim Çanakçı, the Undersecretary of the Treasury, who has been holding that, for our topic very high and relevant, post for the past remarkable ten years. The second speaker is the Australian Ambassador to Turkey, H.E. Ian Biggs, who also is representing the chair of G-20 for 2014. We are also looking forward to be in contact and cooperation with Ambassador Biggs in 2015 for yet another topic of mutual interest, the commemoration of the 100th anniversary of the Gallipoli campaign. Our third speaker is, Deputy Undersecretary of the MFA, H.E. Ambassador Mehmet Gücük who is also the Sherpa of Turkey for the G-20. So, we have high expectations of information and food for thought from our very eminent troika.



**Republic of Turkey Undersecretary of Treasury  
G-20 & Turkey's Presidency in 2015  
İbrahim ÇANAĞÇI  
Undersecretary of Treasury**

**Turkey in the Troika of G-20, Preparing to Assume the Chair in 2015  
AVİM – Center for Eurasian Studies – 14 November 2013**

**(Transcripts of the presentation and text of the power points.)**

**G-20: The Premier Forum for International Cooperation**

The G-20 was formally established in 1999, as a response to the financial crises of the late 90s. 90s actually were full of crises particularly in emerging markets. Almost every 18 months, the world faced crises during the 90s like the Mexican crisis, Asian crisis, Russian Crisis. These crises were mostly related with the financial globalization of the emerging market economies and rapid financial globalization was not actually moving ahead hand in hand with the global governance and emerging markets were lagging behind in terms of taking role in the global governance decision making process.



## **G-20: The Premier Forum for International Cooperation**

- The G-20 was formally established in 1999, as a response to the financial crises of the late 90s.
- The main motivation was the growing recognition that the Emerging Market and Developing Countries' (EMDCs) are not adequately represented in the global economic governance even though their share in the global economy has grown remarkably.
- In 2008, the G-20 members were called upon to further strengthen international cooperation in order to tackle the global financial crisis. Consequently, the G-20 was elevated to leaders level in late 2008.
- Since the Pittsburgh Summit in 2009, the G-20 is viewed as the premier forum for international cooperation.

The main motivation was the growing recognition that the Emerging Market and Developing Countries' (EMDCs) are not adequately represented in the global economic governance even though their share in the global economy has grown remarkably. Until 2008, G-20 met at the ministerial and central bank governors' level.

In 2008, the G-20 members were called upon to further strengthen international cooperation in order to tackle the global financial crisis. Consequently, the G-20 was elevated to leaders level in late 2008.

Since the Pittsburgh Summit in 2009, the G-20 is viewed as the premier forum for international cooperation and coordination.

The G-20 economies collectively represent approximately 90% of the Global GDP, 80% of the world trade, and two-thirds of the world population.

The G-20 agenda is divided into two tracks: the Finance Track (financial & economic issues) and the Sherpas' Track (political, non-financial issues).

The presidency of the G-20 rotates annually. The presidency leads a three-member group that includes previous, current and future chairs (i.e. the Troika). The G-20 presidency will be assumed by Australia on December 1, 2013 and by Turkey on December 1, 2014.

## G-20: The Premier Forum for International Cooperation

- The G-20 economies collectively represent approximately 90% of the Global GDP, 80% of the world trade, and two-thirds of the world population.
- The G-20 agenda is divided into two tracks: the Finance Track (financial & economic issues) and the Sherpas' Track (political, non-financial issues).
- The presidency of the G-20 rotates annually. The presidency leads a three-member group that includes previous, current and future chairs (i.e. the Troika). The G-20 presidency will be assumed by Australia on December 1, 2013 and by Turkey on December 1, 2014.

Legitimacy of the G-20 is much stronger than any other platform. At the global level and the G-20 agenda is divided into two tracks; First track is Finance Track and the second is Sherpa's Track. Australia will be the next president and Turkey will be the following president after Australia and Turkey will host the G-20 Leader's Summit with ten chairs. Six of these chairs will be from advanced economies and four will be the emerging economies. Four emerging economies are Korea, Mexico, Russia and Turkey. Turkey will be the forth emerging economy that is going to lead G-20.

Main Agenda Items are Finance Track and Sherpa's Track. Finance Track can be grouped under three headings; to set up and maintain an effective policy coordination between members in order to achieve strong growth and global financial stability, to redesign international financial architectures to meet the realities of the current global finance and to strengthen financial regulations to prevent future financial crises. The agenda is shaped in line with these broad objectives. The first three elements are kind of fixed items on the agenda of the finance track. Of course presidencies have the opportunity to add some new items and Russia, for instance, this year added financing for long term investment as a new item for the finance track. It is expected that Australia is planning to move ahead with these items in their term as well.

Sherpas' Track consists of four elements which were focused by Ambassador Mehmet Gücük. The elements of the Sherpas' Track are energy, development, trade and anti-corruption.

## What Has Been Achieved & What Remains to be Done?

The first framework is strong, sustainable and balanced growth. G20 was very successful in containing the damage from the Great Recession and enabling a rapid recovery. It is believed that if the actions had not been taken in Washington in 2008 and in London in April of 2009, world would have been in a different environment and different situation. However, global economic growth is still not strong, sustainable or balanced. Downside risks remain to be significant. G-20 was highly successful in avoiding the risks and initiating a recovery and laying out the base for strong sustainable growth.

The emerging market economies are facing a challenging difficult environment going forward they were the engine of growth. But almost in all regions, in all countries growth is actually expected to be below potential. Unemployment is high and there are many other challenges. The key challenge is not a diagnosis of the problem it is finding a solution to the problem. G-20 has gained a good, a rich experience in diagnosing in coming up with a good package. The problem is implementation since Seoul; G-20 is preparing and announcing action plans. Seoul Action Plan, Cannes Action Plan, Los Cabos Action Plan and very recent one is St. Petersburg Action Plan. A well-coordinated and decisive implementation of the St. Petersburg Action Plan, built upon

### Main Agenda Items

- **Finance Track:**
  1. Framework for strong, sustainable and balanced growth;
  2. International financial architecture reform;
  3. Financial regulation;
  4. Financing for Long-Term Investment.
  
- **Sherpas' Track:**
  1. Energy;
  2. Development;
  3. Trade;
  4. Anti-corruption.

## What Has Been Achieved & What Remains to be Done?

- Framework for Strong, Sustainable and Balanced Growth:
  - G20 was very successful in containing the damage from the *Great Recession* and enabling a rapid recovery. However, global economic growth is still not strong, sustainable or balanced. Downside risks remain to be significant.
  - The main issues and challenges:
    - A well-coordinated and decisive implementation of the St. Petersburg Action Plan.
    - Full compliance with the newly-established Medium–Term Fiscal Strategies.
    - A careful calibration of the eventual transition toward the normalization of monetary policies in advanced economies.
    - Adopting a more inclusive perspective at economic policies.

the past experience is more to be concrete, more specific, more target oriented and more detailed. What is required is a well-coordinated and decisive implementation of the St. Petersburg action plan and it is expected that next presidency and Turkey will put a big effort on that. Another critical element under this agenda item is full compliance with the newly-established Medium–Term Fiscal Strategies particularly by the advanced economies. The third item is a careful calibration of the eventual transition toward the normalization of monetary policies in advanced economies and how this transition towards the normalization of monetary policies in advanced economies is going to be achieved with no harm or least harm to the world and particularly to the emerging market economies. That is the most critical element from Turkey's perspective. The eminent one is the US, probably Europe and later Japan. It was experienced in May how damaging it would be for the world and for the emerging economies. Even a signaling of tapering of the monetary easing created a big volatility for the world and for the emerging market economy. The last element was adopting a more inclusive perspective at economic policies. G-20 has made some progress in this area. Development and employment were included in the agenda but still there is a need to strength that aspect particularly, for youth, women and etc.

The second, International Financial Architecture Reform; G-20 played a critical role in bolstering IMF's financial resources, improving Fund's surveillance framework, and providing traction for the reform of international financial institutions. However, the

progress in IMF's quota and governance reform, and other elements of international financial architecture reform has been very limited.

There are some main issues and challenges; the completion of the IMF 2010 Quota and Governance Reform. This reform involved doubling of the IMF quotas, shifting of voting shares from advanced economies to emerging economies by around 9% points and reducing the number of seats of advanced European economies by two. Two chairs shift from advanced European economies to emerging economies. Unfortunately, Turkey was not delivered commitment on this front. It is expected that this is very important for the legitimacy of the IMF and for strengthening the ownership of the emerging market economies towards IMF. The other issues and challenges are, further enhancing the global financial safety net including a strengthened cooperation between the Regional Financing Arrangements (RFAs), advancing the collective work by the IMF and the Bank of International Settlements (BIS) on developing the Global Liquidity Indicators and ensuring the incorporation of these indicators into the IMF surveillance framework, aligning the IMF – World Bank "Guidelines for Public Debt Management" to the realities and necessities of the post-crisis world. These are all important components of the financial architecture reform agenda.

## What Has Been Achieved & What Remains to be Done?

- International Financial Architecture Reform:
  - G-20 played a critical role in bolstering IMF's financial resources, improving Fund's surveillance framework, and providing traction for the reform of international financial institutions. However, the progress in IMF's quota and governance reform, and other elements of international financial architecture reform has been very limited.
  - The main issues and challenges:
    - The completion of the IMF 2010 Quota and Governance Reform.
    - Further enhancing the global financial safety net including a strengthened cooperation between the Regional Financing Arrangements (RFAs).
    - Advancing the collective work by the IMF and the Bank of International Settlements (BIS) on developing the Global Liquidity Indicators and ensuring the incorporation of these indicators into the IMF surveillance framework.
    - Aligning the IMF – World Bank "Guidelines for Public Debt Management" to the realities and necessities of the post-crisis world.

## What Has Been Achieved & What Remains to be Done?

- Strengthening the Financial Regulation:
  - G-20 has recorded the most significant progress in the area of financial sector regulation.
  - The main issues and challenges:
    - Ensuring an even implementation of key elements of the reform across jurisdictions.
    - Continuously assessing the macro-economic impact of the reform steps.
    - Strengthening the relevance of the certain reform steps for the EMs.
    - Ensuring a more effective representation of the EM countries at the decision-making bodies of the standard setting bodies such as the Financial Stability Board (FSB).

G-20 has recorded the most significant achievements as the financial sector regulation. Turkey has strengthened the framework for systematically important financial institutions, a regulation for the over the counter derivative markets. Turkey has made some progress in reducing the mechanistic reliance on credit rating agency ratings and we have improved the transparency of the credit rating institutions. We have initiated a more focused approach to address the potential risks from the non-bank financial institutions. Turkey strengthened the legal institutional and technical infrastructure for financial stability board (FSB).

The issues remained to be addressed ensuring implementation key elements of the reform across jurisdictions avoiding the regulatory arbitrage are important challenges for G-20 and for FSB. Continuously assessing the macro-economic impact of the financial regulatory reform is another important item and ensuring the a more effective representation of emerging markets at the decision making bodies of the standard setting institutions and particularly at the financial stability board is another important issue.

As we all follow the traditional financial resources become very limited after the global crises. This led to a search for new sources to support long term investment. Long Term Investment is highly critical to achieve a strong and sustainable growth. A good work program was prepared under the Russian Presidency and as far as we follow

## What Has Been Achieved & What Remains to be Done?

- Financing for Long Term Investments
  - A good work program was prepared under the Russian Presidency.
  - The main issues and challenges:
    - Identifying measures to strengthen the role of the local currency bond markets and the institutional investors in long term investment finance.
    - Ensuring that multilateral development banks play a higher role directly via their own resources and indirectly via mobilizing private resources to long-term investments.

Australia intends to move ahead with this agenda. And link this agenda with the growth strategies and these most important elements are strengthened the role of local currency bond markets. The institutional investors in long term investment finance and ensuring that, multi-lateral development banks play a higher role directly or indirectly in the area of long term investments.

### Turkey's G-20 Presidency in 2015: The Governance Structure

Turkey's preparations for the presidency in 2015: Turkey has started the preparations at the beginning of this year Turkey created a steering committee G-20 presidency steering committee by a Prime Ministry circular and the steering committee is chaired by Deputy Prime Minister Ali Babacan. There are five members of the committee undersecretaries of prime Ministry, Ministry of Foreign Affairs, ministry of Interior, the Treasury and the Central Bank Governor. This is the highest body for the preparation.

There are two sub-committees; one is on agenda and the other one is on logistics. The sub-committee on agenda has three members: Treasury Undersecretary; myself, Deputy Undersecretary of Foreign Affairs, Ambassador Mehmet Gücük and Vice-Governor of the Central Bank. Sub-committee will be in charge of the content of our presidency on our agenda.



The sub-committee on logistics: the members are from the Ministry of Foreign Affairs, Ministry of Interior, Ministry of Finance and the Prime Ministry.

It is also planned to set up a Consultative Board. The Consultative Board will have members from the academia, from NGOs, from civil society organizations, unions and other organizations from the industry and commerce. The purpose of this Consultative Board is to increase the participation in the decision making process. The organization will be in close touch with international financial institutions, World Bank, IMF, UN and OECD. There may be some additions or changes as we move ahead with the process which will be listed in the structure of the body.

### Turkey's G-20 Presidency in 2015: The Agenda Setting Process

A typical G-20 agenda consists of three main components: the legacy component; the cyclical component; and the idiosyncratic component.

The legacy component, as the name suggests, refers to the agenda items that come from the former presidencies. The cyclical component reflects the state of the global economy and the current issues that have global ramifications. The idiosyncratic component reflects national perspective of the presidency. So we will respect to that principle and we consider our presidency as an important opportunity to strengthen



## Turkey's G-20 Presidency in 2015: The Agenda Setting Process

- A typical G-20 agenda consists of three main components: (i) the legacy component; (ii) the cyclical component; and (iii) the idiosyncratic component.
  - The legacy component refers to the agenda items that come from the former presidencies.
  - The cyclical component reflects the state of the global economy and the current issues that have global ramifications.
  - The idiosyncratic component reflects national perspective of the presidency.
- \* Australia's main priorities in 2014 will provide key inputs to the G-20 agenda under our presidency.

our role as a responsible and constructive actor in the international community. We will definitely respect ensuring continuity of G-20 agenda by assuming those issues that remain unresolved and that require continuous engagement. We will follow on multi-faceted outreach approach in terms of getting involved all stake holders in the decision making process. All regional, global actors in the agenda setting process and Australia's main priorities next year will provide key inputs to the agenda under our presidency.

Turkey and Australia has demonstrated a very cooperative fruitful collaboration in the G-20. We chaired together the international financial architecture working group and this cooperation will continue during the Troika next year and during our presidency in 2015.



**H.E. Ian BIGGS**  
**Ambassador of Australia,**  
**Representing the Chair of G-20 for 2014**

Many thanks to Ambassador Kilic and the AVİM team for the invitation to speak today on one of the most important topics in the world for Australia. Peace and security, including in this region, are the subject matter of our UN Security Council membership; Australians in trouble must always trump any other Embassy activity; trade promotion, from meat exports to power-plant engineering, is an unavoidable measure of the success of a bilateral relationship; and Gallipoli or Canakkale is still the foundation of Australians' special fondness for Turkey – but the Group of 20 globally significant economies, both advanced and emerging, is the world's best chance of stabilising the global economy and forestalling another generalised failure – the forum with the agility and power to determine the tone and direction of globalisation. It was the G20 that headed off imminent global economic collapse in London in April 2009 with a \$5 trillion stimulus and a \$1.1 trillion package for the IMF and the World Bank, and that has buttressed the global monetary system and prevented a large-scale

breakout of protectionism and economic-policy insularity. The continuing success of the G20, accounting for 86 per cent of the world's economic activity, building up patterns of cooperation between leaders and governments, is crucial to the development and prosperity of us all.

Which is why the next couple of years are so significant for Australia and for Turkey, with Australia to host the Group in 2014 – actually, from 1 December 2013 – and Turkey in 2015. Economic policy in the abstract is a dry subject, but I hope by outlining some of the G20's current and imminent preoccupations, I can remind us all of the centrality of the issues at stake. Not a lot of the following will be desperately original – it's too important for free-lancing – but I am guessing that not all of you spend all your time on G20 policy, and so that some at least of these ideas will be novel.

Australia is the world's twelfth largest economy and the eighth largest aid donor, with more than 20 years of unbroken growth. The Australian Government sees its role as G20 host as one of stewardship, for managing global economic transformation. Policy is the domain of the Group's leaders, rather than the host country on its own; the G20 needs to be a top-down, leader-driven forum, focusing on global priorities on which it can add value. A relevant agenda is one that involves all members making collective decisions, which must be for practical and achievable actions; the circumstances call for pragmatism. Those circumstances include significant challenges: notably, global growth in low gear. Last month, the IMF downgraded its global growth forecast for the seventh time in two years, and concerns are starting to emerge about growth in the major emerging economies. And we have recently seen the volatility that can occur as a result of even rumours of macroeconomic policy change, with for example concerns about the tapering of quantitative easing.

G20 leaders in St Petersburg this year agreed that lifting economic growth and creating jobs would remain the forum's top priority for Australia's G20 Presidency, so our three themes are: empowering the private sector, the engine of job creation, to boost growth; building resilience in the global economy; and making the G20 work better. The catchphrase of the G20 Framework is strong, sustainable and balanced growth, because lifting global growth is the real challenge, given the limits of macroeconomic policy in so many economies.

Building the resilience of the global economy – our collective capacity to handle future shocks and avert crises – requires the implementing of existing commitments on financial regulation, tax, anti-corruption and other issues. We can also strengthen resilience through global governance reform, because there are global institutions, such as the Financial Stability Board, that are still adapting to changes in world markets. Of special interest to Turkey, implementing the 2010 IMF reforms will be a priority,

along with the 15th general review of IMF quotas. I should also mention the Anti-Corruption Working Group that Australia co-chairs with Italy.

All G20 members are developing comprehensive growth strategies reflecting their individual reform priorities. Priorities tend to include investment/infrastructure, employment, trade, business-facilitating reforms, and sustainable macroeconomic policies. Levels of ambition have to be determined, from thematic discussions across the sherpa and finance tracks, employing robust empirical evidence to quantify the growth benefits of reforms. For comparison, Australia's own growth strategy might include: removing domestic obstacles to investment and participation in global value chains; creating a better environment for private enterprise – making it easier to do business by removing unnecessary regulation; and economic reforms that increase confidence, productivity, profitability, income equality and private-sector risk-taking.

Australia's aim for the Brisbane summit next November is delivery of a package of measures to support medium to long-term investment, including domestic reforms for productivity-enhancing infrastructure. The OECD estimates that current global infrastructure requirements stand at around \$2 trillion per year, and that developing countries will need to boost infrastructure spending to between 6 and 8 per cent of GDP. To tap more fully the potential of global savings, there is work already under way in the G20 to be built on to improve intermediation – better project-planning, mechanisms for project-prioritisation, and innovative uses of existing balance sheets. Regulatory reform has to be structured so as not to create a bias against long-term investment.

And trade needs to be a priority for 2014, because it has not bounced back the way it did after previous downturns – global merchandise trade growth by volume was only 2 per cent in 2012. This is detrimental for economic growth and development in all countries, which is, obviously, bad for jobs. G20 discussion will focus not on the negotiation of individual agreements, but rather on identifying the major gains to be made through domestic reforms to remove obstacles to trade. The OECD estimates that if G20 countries reduced trade barriers by 50 per cent, there would be up to 4 per cent growth in jobs, up to 8 per cent higher real wages, a 20 per cent rise in exports for many G20 countries, and positive flow-on effects for the global economy.

Recent work on global value chains has underlined the significance of domestic policy settings for trade and growth – of reforms to encourage market openness and to enhance our participation in global value chains. In the G20, the world's largest trading nations can review the trading system, including regional trade agreements (TPP, TTIP, RCEP etc.) and indeed World Trade Organization progress at next month's Bali Ministerial, to ensure that everything works together to strengthen multilateral trading liberalisation.



G20 leaders at St Petersburg resolved to deliver more and better-quality jobs, commissioning the Employment Task Force for 2014. According to the World Bank, 600 million new jobs will be needed between 2005 and 2020 to absorb the young people entering the workforce, spur development, empower women and prevent unrest. The private sector must be encouraged to invest and grow, so that it employs more people. Structural unemployment, underemployment, youth employment and job informality all demand structural reforms.

The G20's development agenda remains central to the goal of strong, sustainable and balanced growth – growth which will benefit developing countries. In turn, growth in developing countries will strengthen the global economy. From the St Petersburg Development Outlook, Australia would like to focus on two or three initiatives that will have a high impact on development outcomes, such as maximising domestic revenue through modernising tax systems, improving investment in infrastructure, and increasing access to formal financial services in low and middle-income countries. To quantify that last point: more than 2 billion adults still lack access to financial services, and millions of micro, small and medium-sized businesses face difficulties in accessing finance to grow and create more jobs. The G20 will accelerate innovative approaches to reduce the costs migrant workers face in sending remittances home.

Food security is a vital aspect of the development agenda, and the G20's

mechanisms to support it include: the Australian-chaired Agricultural Market Information System, which enhances the collection and availability of food market information on wheat, rice, maize and soybeans; the OECD Agricultural Productivity Framework; and a G20 review of opportunities for economic growth and job creation in connection with food security and nutrition. According to the World Bank, GDP growth originating in agriculture is about twice as effective in reducing poverty as GDP growth originating outside the sector.

Energy-market resilience is another goal; the means are continuing work to enhance transparency, beginning a broader discussion of international energy governance, exploring information-exchange to contain major gas-supply disruptions, and increasing collaboration, including through the International Energy Agency's Association Initiative.

G20 members are working together to implement the work program on tax-base erosion and profit-shifting, with the automatic exchange of information, to help plug leaks in tax bases, to be a priority for 2014. The priorities for financial regulation reform will concern Basel III, the "too big to fail" concept, shadow banking, and over-the-counter derivatives. If that sounds arcane, the bottom line is that at present, many developing economies are losing more revenue through tax evasion than they are receiving in foreign aid. Governments must get their fair share of tax revenues if they are to provide the services and infrastructure their citizens need.

The G20 has a continuing interest in contributing on climate change, and Australia is consulting other G20 members on how this can be dealt with in the 2014 agenda. The G20's climate finance study group continues its work as a forum complementary to the UNFCCC negotiations.

And then there are the Group's own working practices. Our processes need streamlining, because the G20 is about using our leaders' political capital to drive outcomes, meaning a free-flowing exchange between leaders on issues that matter. Communiqués must be short and sharp. Our communities are entitled to know what the Group has achieved, and Australia is very open to suggestions as to ways to strengthen accountability. We are committed to improving communication between the G20 and the world – people from across society in all economies – so that the value that the G20 adds is clearly understood and appreciated. More coherence across the G20's work streams would also help, including between the sherpa and the finance tracks.

Finally, some very practical matters. In our G20 year, there will be four sherpa meetings, plus one just before the leaders' summit. There will be four Finance Ministers

meetings: two in Australia in February and September, and two in Washington in conjunction with IMF meetings. Two Ministerial meetings are envisaged – on trade, possibly in July, and on employment, possibly in September.

Following Russia's example this year, Australia is committed to engaging with the international community, through organisations such as the United Nations, ASEAN, APEC, the East Asia Summit, the Commonwealth and la Francophonie. The so-called engagement groups – B20, C20, L20, Y20, T20 – will continue in 2014. Australian organising committees for business, civil society, labour, youth and think-tanks have been established to work with their G20 counterparts. We want the engagement groups to deliver recommendations that sherpas and leaders can use.

That's a big agenda. But progress and globalisation are not inevitable. In the context of Turkey and Australia's special Anzac connection, we should recall that the first golden age of a global economy began in the last part of the 19th century, and was only broken by the First World War. In our own age of unprecedented connectedness, the G20 is the prime signal of world leaders' commitment to growth and stability.



**H.E. Ambassador Mehmet GÜCÜK**  
**Deputy Undersecretary of the MFA**  
**Sherpa of Turkey**

Undersecretary Çanakçı,  
Ambassador Kılıç,  
Ambassador Biggs,  
Distinguished Participants,

As Turkey's G-20 Sherpa, I am delighted to address this distinguished audience to share my views on Turkey and G-20. I would like to thank Ambassador Alev Kılıç, Chairman of AVİM (Eurasia Studies Centre) for his kind invitation and all of you for your participation.

Turkey will assume the G-20 Presidency in 2015 and be a member of the Troika as of 1 December 2013. Therefore, this event is both timely and useful. I am looking forward to a fruitful discussion and exchange of views.



Firstly, I would like to make some brief remarks on how we see the G-20 and its role in the international system.

Given the ongoing shift of balance in the global economy in favor of the emerging market economies, the G-20, covering both advanced and emerging economies, has become the most appropriate platform for international economic cooperation and policy coordination.

Representing 90% of the global economy, 80% of world trade and 2/3 of the world population, the G-20 has emerged as the premier forum for international economic cooperation and has provided a new energy in a critical period for the global economy.

The limited but geographically inclusive membership of the G-20 provides the necessary functionality to facilitate its decision-making process and to take result-oriented action.

Turkey considers the G-20, which includes all the major advanced economies and emerging countries, as a highly representative platform. We attach utmost importance to the preservation of the effectiveness of the G-20 and we support the strengthening of its role in addressing global economic issues.

We see G-20's role as being beyond a financial crisis-management platform. With its informal, country-led, consensus-based structure, the G-20 is uniquely equipped to contribute meaningfully to discussions on the principal global issues and challenges and facilitate solutions to them. In a way, the G-20 has a real potential to act as a force for good in the world today.

Distinguished Participants,

In the absence of a permanent Secretariat, the G-20 is a Presidency-led platform. The role of the Presidency is central to building and taking forward the agenda. In this regard, I would like to take this opportunity to warmly congratulate our Russian colleagues for doing an excellent job in their Presidency this year. The Russian Presidency delivered valuable outcomes in a number of work streams.

We wish every success to Australia in its Presidency next year. On the road to the Brisbane Summit, Australia can count on our full support in the Troika in delivering positive outcomes for our Leaders.

From what we have heard so far on Australia's Presidency priorities for 2014, we think that our Australian colleagues are in the process of designing a very well thought out programme that will do much to help G-20's visibility and credibility.

Undersecretary Çanakcı will speak about our views and priorities in the near term regarding the G-20's finance track. I would like to make a few points on the Sherpa track, which in Turkey is coordinated by the Foreign Ministry, and in this respect touch on the issues that we think it would be useful to give priority to under the Australian Presidency.

Under the Sherpa track, development is an area of high priority for Turkey. In our view, the G-20 should keep its strong focus on development in 2014. The G-20 is engaged in making its work on development more streamlined and focused, as well as more visible. Turkey will support Australia in taking forward G-20 development work in specific priority areas. In this regard, we also strongly support G-20's engagement in the post-2015 development agenda. We believe that the G-20 could facilitate the discussions at the UN through increased coordination and dialogue among ourselves. In 2014, we will support efforts to build consensus on this matter in the platform.

Supporting open trade must remain a high priority for G-20 in 2014. We hope that the WTO Ministerial Conference in Bali next month will deliver a forward-looking package which can provide a much-needed boost to the multilateral trade system and also help our efforts in the G-20. It will be important to closely monitor the implementation of the standstill commitment in 2014. Also, the commitment to make regional trade agreements more transparent and in line with WTO principles should stay high on our agenda.

Regarding the labour and employment agenda, we would welcome priority being given in 2014 to taking forward work on the integration in the labour market of vulnerable groups, in particular youth, women and people with disabilities. In this context, we hope that the Australian Presidency can include on the agenda the integration in the labour market of "migrants", among other vulnerable groups.

The G-20 also has a rich and substantive energy agenda. We welcome Australia's intention to continue taking up this issue. Making energy markets more predictable and transparent, enhancing investment in energy infrastructure and improving maritime safety are issues of high importance for us. We hope good progress will be made on these and other energy issues next year.

Ladies and Gentlemen,

In a few weeks, Turkey will join Australia and Russia in the G-20 Troika and in a little over one year we will take over the Presidency. Let me touch upon a few points in this respect.



We attach great importance to our G-20 Presidency in 2015, and have already started our preparations. In this respect, we have established a “G-20 Presidency Steering Committee” to oversee all preparations and coordinating efforts of various institutions. This Committee, chaired by Deputy Prime Minister Ali Babacan, consists of the Undersecretaries of the Prime Ministry, Ministry of Foreign Affairs, Ministry of Interior Affairs, Treasury and the Governor of the Central Bank.

To support this Committee, we have also set up two Sub-Committees in charge of logistical and policy-related issues. For creating a more participatory structure and benefitting from various stakeholders’ views and proposals, we are also planning to introduce a “Consultative Board” with the participation of representatives of business organizations, trade unions and think-tanks, as well as academicians.

We believe this structure will facilitate prompt coordinated action and better integrate various shareholders’ views. Our related institutions are also engaging in dialogue with interested international counterparts with a view to hear from them and to design the Presidency agenda in a more inclusive manner.

In the lead-up to our Presidency, we are ready to engage in enhanced bilateral coordination and consultation with all related partners with a view to exchange views and share experiences.

We are planning to determine our priorities for 2015 by taking into account the results achieved in previous Presidencies and in consideration of the global economic and financial agenda which will prevail at that time.

Ensuring global economic and financial stability, promoting robust and inclusive growth, reforming the global economic system according to today's realities and reflecting the increasing weight of emerging economies in the system, countering trade protectionism and development are issues to which we give high importance. During its G-20 Presidency, Turkey will make every effort to focus G-20's work on these areas and deliver concrete results.

In 2015, the discussions in the UN on the post-Millennium Development Goals agenda are expected to be finalized and the new Sustainable Development Goals to be agreed upon. We intend to achieve a high degree of interaction between this process and the G-20 platform during our Presidency.

The G-20 should have a particularly effective outreach to the LDCs, the most vulnerable segment of the international community. We have offered to host the Mid-Term Review Conference of the UNLDC IV Istanbul Programme of Action in 2015. We will aim to create synergy between this Conference and our G-20 Presidency.

Outreach is an important part of the G-20's efforts to increase its credibility and visibility. In our Presidency, we will make every effort to strengthen the G-20's dialogue with non-member countries, business, labour and civil society. In particular, we aim to build up the G-20's relations with countries and international organizations in our region.

Excellencies,

Distinguished Participants,

In conclusion, I would like to underline Turkey's firm resolve to contribute to all efforts to strengthen the G-20's role as a force for good in the international system. We are strongly committed to this platform and we will do our part to make it work more effectively. In this process, we will remain engaged with all related stakeholders.

Thank you for your attention.

**H.E. Andrey Gennadiyevich KARLOV**  
**Ambassador of the Russian Federation to the Republic of Turkey**  
**Representing the Chair of G20 for 2013**

**Russian G20 Presidency and  
the main outcomes of G20 Saint Petersburg summit**

Russia, as Chairman of the G20 in 2013, has consistently pursued a policy of strengthening the role of the G20 as the premier forum for international economic cooperation between participant countries. Russian G20 Presidency was held under the hardly favorable conditions in the international financial and banking sector and a number of current risks in the world economy. The main risks are low global economy growth rates (GDP growth in 2012 - 3.2%), an unprecedented high unemployment rate and slack investment cycle in the real economy, considerable tension in the budget and financial sphere in many eurozone countries, the go-off scaling level of public debt in the United States and Japan. The new negative moment was becoming more visible tendency toward reducing of GDP growth rate of emerging market economies and developing countries (2012 - 4.9%, 2013 - 4.5%).

In the course of assigning the priorities of the Russian Presidency also had to take into consideration the large number of differently-oriented trends in the development of global economy and finance and evolution in the views of in the G20 participant states. Another point that shouldn't had been ignored was certain shortcomings in the practical implementation of the previous decisions of the G20, which caused periodic debates about the fall of the effectiveness of this forum and its role as one of the global governance mechanism.

Therefore the main priorities of Russian Presidency became boosting sustainable, inclusive and balanced growth and new jobs creation, particularly through investment incentives, effective regulation and increasing confidence in the markets. Russia also paid great attention to the issues of searching new sources of financing for investments to real economy, promoting multilateral trade, addressing the erosion of the tax base and transboundary profit shifting, combating tax avoidance, improving tax transparency, progress in the international financial architecture reform, including IMF reform, strengthening the regulation of financial markets, reducing the shadow banking sector risks, greater cooperation in combating money laundering and financing of terrorism, expansion of access to financial services and financial education, assigning new priorities of the G20 in encouraging the development of the poorest countries, enhancing the sustainability of energy policy and world commodity markets, adaption to climate change and broadening cooperation in fighting corruption.

Joining of efforts of the G20 countries to work out the solutions that could enhance



global economic growth and expand employment was of the crucial importance in the light of above mentioned slowing global economic growth and unacceptably high level of unemployment rate in many regions of the world. Taking into account the very close connection between enhancing economic growth and fiscal consolidation the extreme importance had attached also to the initiatives aimed at modernizing national public borrowing and sovereign debt management systems.

Russian Presidency has taken active steps toward promoting the IMF reform. We believe that the G20 can give a significant political impetus to the priorities of the reform, including working out commitments on reviewing the IMF quota and vote structure on the basis of a new calculation and allocation formula.

Russian side has made efforts to develop external ties of the G20 in order to ensure maximum transparency in its work, to take into consideration the views of a wide range of members of the international community and therefore to give due legitimacy to the decisions of the Forum in the eyes of non-participating countries and global community.

As we known the G20 has established three dialogue channels to these ends. The first one is a system of relationships with international and regional organizations. Russian Presidency maintained close contact with the UN, ECOSOC, IMF, World Bank,

WTO, Financial Stability Board, World Labor Organization, UN Conference for Trade and Development, OSCE, OECD, CIS, APEC, ASEAN, African Union, Community of Latin America and Caribbean States, League of Arab States, Cooperation Council for the Arab States of the Gulf and other international structures.

The second channel is the participation of leaders of the non-participant states and heads of prominent international organizations in the G20 summits.

The third channel is communication between the G20 and civil society. Nowadays global solutions can be effective only if they are taken taking into account the position of community. To this end, in the course of its presidency Russia arranged the business representative summits, a civil society summit, a youth summit, a meeting of trade-union organizations' leaders and a meeting of prominent representatives of academic quarters. During the meetings a number of proposals and initiatives were formulated and addressed to the leaders of the G20 states.

Looking back we can confidently say that these priorities allowed us to ensure continuity in the work of the G20 and make a significant progress on all major tracks.

In the course of the G20 Saint Petersburg summit held on 5-6 September 2013 our leaders discussed in detail the key questions of recovery and boosting economic growth, global imbalances. We have managed to reach many important both for international community and Russian economy practical solutions for each of priorities mentioned.

Saint Petersburg action plan adopted at the summit defines the strategy of participant countries to achieve strong, sustainable and balanced growth. G20 states reached a consensus on the need to sustain necessary economic growth rate policy with adherence to countries' medium-term fiscal consolidation standards. For the first time in the G20 we have fixed the medium-term budget deficit reduction goals as well as the comprehensive structural reforms. These are steps aimed at regulation of labor market and taxes, human capital development, modernization of infrastructure and regulation of product markets.

The crucial importance of a strong multilateral trade system was underlined as well. The G20 states announced their decision to extend the term of their commitment to resisting protectionism. They will seek to improve transparency in trade, including within the framework of regional trade agreements.

The G20 states committed to promote cooperation in the energy sector to make information about energy markets more accurate and accessible, and take steps to

support the development of cleaner and energy-efficient technologies in order to increase the efficiency of markets and the transition to a more sustainable energy of future.

Ground-breaking for the G20 has become the financing for investments. This is the pressing question for the real economy in many G20 countries, given the drastic decline in the "classic" bank-lending system after the global financial crisis. The G20 states developed a program of research and provide recommendations to improve the investment climate and encourage long-term investment. Significant results which have been already achieved within the framework of the implementation of this program were adopted at the Summit. First of all, it is the high-level principles on the participation of institutional investors in financing of long-term investment.

This year, for the first time in its history the G20 states have submitted report on implementation of its commitments on development, particularly in the development assistance. Publication of the report has made the work of the G20 more open. Thus public opinion of the G20 countries could better understand what the G20 is doing and what results have been achieved in its work.

Serious progress has been made in stimulating employment as well. Upon the initiative of the Russian Federation an integrated approach to labor market policy has been proposed to link quality jobs creation to development of economy, to see as a





package macroeconomic, financial and social circumstances as well as interconnection between labor market and investments, budget, fiscal policy. The leaders of the G20 countries adopted the decisions taken at meetings of Labor and Employment Ministers, as well as within the framework of their joint meeting with Finance Ministers, the first such a meeting held in the history of the G20.

The G20 has set the task of new quality jobs creation with particular emphasis on promoting employment for vulnerable groups, especially youth, women, people with disabilities and others.

During the Summit policy decisions on the reform of tax policy were also adopted to tackle tax avoidance, including using `offshore` schemes. We agreed to work together on a new multilateral exchange of information in tax issues.

The Saint Petersburg Development Outlook was also endorsed at the summit. It assigns five priorities of further work of the G20 to provide assistance to low income countries - food security, expanding access to financial services and increasing the level of financial literacy, modern infrastructure development, including energy infrastructure, human resource development and domestic resource mobilization in developing countries.

The Leaders of the G20 adopted as well the Saint Petersburg strategic framework for the G20 anti-corruption Working Group.

The Saint Petersburg G20 Summit has confirmed the great demand for this international economic cooperation forum. Its concreteness and wide range of decisions taken at the Summit have proved that the "Group of Twenty" plays a key role in the global governance system. We hope that the implementation of the agreements reached at the summit and the Russian initiatives will have a positive impact on the current state and prospects for the world economy.

We believe that the Australian and Turkish G20 Presidency will make every effort to find consensus solutions to the key problems of global financial, banking and economic systems in the interests of the peoples of the G20 states and all international community.