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G20 Meeting in Korea: Asian Agenda of Structural Reform for Strong, Sustainable and Balanced Growth of the Global Economy

A Framework Paper

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Executive Summary

The economies of Asia have been a positive and dynamic element in recovery from the crisis. Their national commitment to sustainable development in the long term will be increasingly important to the health and sustained recovery of the global economy. They have experience in carrying out the structural reforms to advance national growth strategies that will make an important contribution to achieving the G20's central medium-term goal of reducing global imbalances.

This paper proposes structural reform as a central pillar in the agenda for the G20 meeting to be held in Korea in November, 2010.

The agenda for the Korean meeting should have four main dimensions. The first two are the immediate priorities of macroeconomic stabilization and financial reform. The third is the medium-term priority of reducing international imbalances. The fourth priority is governance reforms in the international institutions for trade and finance.

The first two dimensions of the agenda require urgent follow up and completion of the agenda that developed through the G20 meetings in Pittsburgh and Canada.

The intermediate to longer term risks are focused on the third dimension of the G20 framework to do with structural reform. The achievement of strong, sustainable balanced growth as economies exit their stimulus packages will require commitment to a range of complex and varied structural reforms. Different economies have different priorities in structural reform but their collective commitments need to target, and be consistent with, the objective of re-balancing global growth. This is helped by the need to re-balance national growth in many countries. This recommends initiating dialogue and consultation on programs of structural reform within the G20.

Structural reform is directly related to the generation of new engines of growth. New growth engines need to address the big challenges in the regional economy —population aging as well as social and environmental priorities—and use government expenditures and other incentives to stimulate productive investment.

Reform in the governance of international institutions needs to include: implementation of the IMF quota review; completion of the Doha Round and reform of the WTO architecture; and international cooperation at other levels, beyond the membership of the G20. The Asian G20 economies will want to include a broader constituency in the Asian and Asia-Pacific region that will make G20 more inclusive without adding to the number at the G20 table. The meeting in Korea will be an appropriate occasion on which to consider the modalities for engaging the broader regional and global constituencies.