

## Arkady Dvorkovich Welcoming Address to the Participants of the Conference “Partnership for Progress. From the 2010 Muskoka-Toronto Summits to Seoul Summit”

The G8 and G20 are two different formats of international cooperation, they have different foci, different purposes and different agendas. But what is true is that some part of the G8 agenda is being shifted from the G8 to G20. This is economic agenda, and more and more so the development agenda. This is the focus of this conference. I don't think we are going to discuss Iran, Afghanistan or North Korean issues, which will remain key discussion topics for the G8 leaders in France next year, along with some other international issues that are still not topics for the G20 discussion.

Both G8 and G20 and any other format in the world face a clear legitimacy issue. On the one hand the leaders do not want to make any legally binding commitments either within G8 and G20. All commitments that are being made are political commitments and the key reason why leaders tend to deliver on their political commitments is their reputation and ability to support the leadership, to have permanent leadership in international affairs. On the other hand we have about 200 countries in the world and the only fully legitimate format for any international discussions is the UN, not G8, not G20, and those countries represent the bulk of the global economy but still don't have the right to speak for the others. The only thing the leaders of either G8 or G20 can do is to make personal political commitments, that can be followed up with the decisions that can influence the global agenda and make major contribution to the resolution of the global issues. But the leaders of 8 or 20 countries can not speak for 200 countries. This is a clear distinction we should always make. But what leaders also do is to expand the legitimacy of what they are doing within the G8 and G20 by establishing the dialogue with the rest of the global community. And this is what is already happening, a dialogue between leaders and international organizations dealing with particular issues, and regional organizations as well. In the G20 there is a broad-based dialogue and cooperation with IMF, the World Bank, OECD, with regional organizations like ASEAN. As the European Union is part of G20, so it's not a dialogue, it is an internal work, with the organizations that represent the voices of Latin American countries, African Union and other African organizations. This is an ongoing work that

started from almost the first G20 summit and it's getting more and more intensive.

The second part of the same story is a dialogue with business community and we supported the Korean idea to institutionalize the business dialogue, business summit, with the Russian President participating in the business dialogue in Seoul on the 11th of November. We believe that it's important to hear voices of the business community and to give a clear message on what the G20 is going to do.

The third part of the same story is the dialog with the civil community. Again it is getting more and more intensive and it's a normal part of any G8 and G20 presidency. We are trying to establish this kind of dialogue within Russia as well. It has started producing some good proposals. And we hope it will produce good results as well in the areas where the government agencies and agencies and civil society organizations can create and build synergy. I'm talking about initiatives in the health sector, in education, in the promotion of green growth and others.

Also, we believe that it is crucially important to find a way to bring the results of what the G8 and G20 leaders are doing into decision making process of the international organizations, where the decisions can be taken. We already have two examples of unsuccessful efforts in this area. First is the climate negotiation process and at least until now the discussions and agreements within the G8 and G20 forums were not able to bring any positive developments in the international negotiations on climate and just a few weeks before the Seoul Summit and the Cancun meeting I am still pessimistic about the results that can be achieved in 2010 on climate. In the G8 and the G20 declarations we always have an ambiguous language produced to reflect all the positions around the table and that is not productive. Another example is Doha round of negotiations where Russia is still not participating, though there is a good chance that we will participate in Doha round discussions soon, since we have good progress in our WTO accession negotiations. But, given the lack of progress in Doha round, I'm pessimistic as well.

We have had a few proposals from the Russian side recently to produce legally binding agreements, arrangements, conventions in a number of

areas. We are trying to push these through the G8 and G20 summits. One is on energy security and we are working on those issues with various international organizations, we are trying to make pressure via our G8 and G20 partners. We are cautiously optimistic that we can produce some results in this area. Another area, a related area but a very specific one is the marine environment protection initiative. The President came up with it at the Toronto summit and we started some background work within the subgroup of the G20 energy working group. Our idea is that we should have within each G20 pillar some vision what we would like to achieve. We should not end up with the discussions. We should end up with international agreements and conventions, legally binding ones that will create the new rules of the game for the world as a whole. The discussion process is also useful. But we understand that we can not move the international community by overnight decisions of the leaders. Rebalancing of the global economy, creating new sustainable growth is a long-term process. For instance dialogue on currency issues with the U.S. and China right now is something that can not produce short-term solutions, we should look for medium and long-term decisions. And discussions that are being organized within the G20 circle are very productive in this respect. The important thing is for everyone not to have excessive expectations about what can be achieved during the summit. The mass media and the civil community experts tend to create such excessive expectations on the eve of any summit. And these expectations are not based on anything. We all know that the leaders gather to discuss things and to agree on principles that can lead to the decisions afterwards, but not the decisions within the G20 circle, decisions in the broader international community. I would urge everyone to take this into account.

Finally, what I would like to say is that we believe that work which is being done by our experts, both in Russia and other countries, by Toronto University, by HSE to evaluate what we have achieved vis-à-vis what we promised is very important. This part of work is crucial for the evaluation of the efficiency and legitimacy of any existing international format. We need a clear feedback from the community about the efficiency of our actions. It is not a straightforward work. It's easy of course to say that one hundred million dollars or ten billion dollars was promised and ten billion was delivered or five was delivered, so 50 percent progress was made, it's an easy part. More important but more difficult part of this work is to evaluate the results – what has been achieved with this money, achieved with the efforts undertaken by governments, lead-

ers and international community in general. This is what is still an ongoing effort by experts and ourselves. Since the results are being brought not just by money but by lot of effort of all parts of the society, governments, business, NGOs, recipient countries themselves and it's not easy to evaluate those things and make real cost benefit analysis. But let's try to continue this work. Thank you.

**Lev Yakobson, First Vice Rector of the HSE:**

We have a good opportunity to address three or four questions to Arkady Dvorkovich.

**Kirsty Hughes, Head of policy at Oxfam GB:**

You talked about the different and changing agendas of the G8 and the G20. I just wanted to ask you about two of those. One on the development agenda which has come up at the G20 but it would be difficult to say it is as strong as it has been at the G8. Could you comment more on how you see that transition? How it can become stronger at the G20? You also briefly touched on climate issue which is one that has been very difficult to get on the G20 agenda. I wonder if you could make some more remarks on that.

**Arkady Dvorkovich:** About the priorities of the G20 summits – the priorities are usually identified by the chairs and the key priority is to fulfill what was promised before. We have already had several summits and I think we need to deliver on the promises that have been made before. But we also keep adding to the agenda some new things, and one of the most important new issues is the development agenda, and the Korean presidency proposed this as one of the key elements of the G20 summit in November 2010 along with the traditional agenda for the G20, I mean financial regulations, international financial organizations reform, and the framework for sustainable growth, including the discussion on currencies in this framework. Two points in this respect: one is that the G8 have been making promises and should fulfill the promises, so the G8 is not going to shift this agenda altogether to the G20 in the short term. G8 will still discuss how we are proceeding with what has been promised before. At the same time it is clear that the achievement of development goals is crucially dependent on the involvement of some other countries in this process, not just direct financing of ODA from eight members of the G8 or even the EU, consisting of 27 countries. In this way G20 is a more legitimate summit to discuss development issues. Instruments like South-South cooperation, issues related to the principles of supporting development and principles that should govern assistance programs, issues related to particular sectors like food security, where we have agreements made at the G8 summit but in the format

where 30 countries were present including all G20 countries, so it's a more and more broader agenda, and not just the G8 or G20 agenda. I do not have a definite answer on how this is going to proceed and what will be the timing of this transformation but certainly the process is already there and it will continue over time.

On climate, there is a tradeoff on discussing things in a restricted format and discussing things in the UN format. It is practically impossible to have any productive discussion with 200 countries present. At the same time if there are just 8 or even 20 or even 25 countries are present, then other countries do not feel that the small circle represents the opinions of everyone. So the key here from our perspective is to find a legitimate format to discuss those issues. One of the possibilities is to have a formal legal representation of the groups of countries in the smaller format discussions like for instance in the IMF board of directors where you have some members of the board representing other members of the IMF formally, without any compromises and without any reservations. There is a formal way of representation. If we can find some kind of such forum for climate discussions, this can bring results. That's our position. If we can agree to do this, then we can have the roadmap for the negotiations in this format. It is likely that we will have brief discussions of leaders in Seoul preceding Cancun meeting, but I don't think it will bring any real agreement. What it will bring is a clear understanding what can be achieved in Cancun and what cannot be achieved in Cancun, which is good since we will not spend time inefficiently in Cancun in this case. Before Copenhagen we had some illusions and naive expectations about what can be achieved. For us, while sitting in that room up to 2 am with the leaders it was clear that it's completely impossible to achieve anything. I personally think that what G20 can do is to push for the adoption the roadmap that we will all follow during some next few months before the expiration date of the Kyoto protocol. That's the best possible achievement we will have.

**Alan Alexandroff, Co-Director of the G20 Research Group at the University of Toronto:** You indicated that you saw the two programs as quite distinct between G8 and G20, one of the issues you indicated was of course security questions, particularly around proliferation questions. But I wonder whether or not Russia support the extending that discussion into the G20 for the very obvious reason that it includes China and a number of other major powers. So for instance on questions of North Korea, on questions of Iran it would seem

natural that the inclusion of the wider group which includes China would be very valuable.

**Arkady Dvorkovich:** We do have dozens of various formats for discussions of leaders around the world. We believe that most of these formats are complementary. We believe that the UN Security Council is a key panel to discuss issues with participation of China. That is being done. Well to make a clear answer we do not support the expansion of the G8 at this point. G8 is G8, G20 is G20. We do not support bringing the security issues into the G20 agenda. It doesn't mean that we do not support discussing with China these issues but we do have different venues for doing that and we believe those venues are quite efficient.

**Bertran Bainvel, Representative of the UNICEF in the Russian Federation:** The civil summit will focus very much on robust and sustainable growth. Many vulnerable populations got deeply affected during the crisis. We see also now quite a few governments making budget cuts in social budget. Do you see the opportunity at the Seoul summit to advocate for more inclusive growth? And what would be the Russian Federation position on that issue?

**Arkady Dvorkovich:** We fully support the idea of more inclusive and pro development growth. We believe that at least from our perspective the only way to do that is to combine openness in international trade and investment with this shift in national economic policies towards the creation of more sustainable social protection assistance and creation of jobs in sectors where people can earn more to live. Our idea is not to try just to shift wealth from one part of the world or one part of the society to another but to create more wealth by more investment, more trade and more flexible rules for the shift of intellectual property rights, shift in technologies and innovations. At this point the development work has a clear advantage by exploring what has been created before by the modern innovation systems. Technology transfer is working but it is not working perfectly. This is why the benefits of modern science and technology are not being spread around the world as quickly as we need. This is about new rules of the game for trade, for investment and for technological transfer. If you do not do this you will continue to have pressure from those who have less wealth and those who have more wealth, but it is a way to nowhere, just about the shift of resources that is usually not productive. And this is what we are trying to do in Russia right now. We are trying to find ways to create more value and to spread these benefits across the society. This is what we believe other countries should do

as well, not just ask but to create. This is what we are going to support.

**John Kirton, Director of the G8 Research Group and Co-Director of the G20 Research Group at the University of Toronto:** I very much appreciate and endorse your comments on the importance of improving accountability in both G8 and G20 context, and the need to move just from monitoring governments keeping their word to whether or not this effects and helps actually solving the problems, and of the role for many, the governments themselves, civil society, multilateral organizations to contribute. My question is what would you see as both desirable and possible for the next stages in accountability? Two obvious questions that arise for those of us who are close watchers of the Toronto summit and the Muskoka summit is the fact that even while the French hosts of the G8 have committed to continuing the Muskoka accountability initiative the efforts seem to be focusing again on the development and health agenda, as opposed to the other core components of the G8, the political-security one. Is there a role for G8 governments to start doing accountability in the security domain? The second question which haunts Canadians is the reminder that Prime-Minister Harper declared that accountability would be “the defining feature” of both the Muskoka G8 summits but also the Toronto G20 summit that he co-chaired in Toronto. I think most would conclude that while a significant advance was made in the G8, we are still waiting to see similar advance in similar ways on the G20 front.

**Arkady Dvorkovich:** On the first question, I do not think that there is a formal way to produce the same accountability report on political and security issues as on development issues. As it was already indicated, there is a wider circle of countries in the world involved and it's not just an action by the eight leaders or the eight governments. It's

about negotiating, taking decisions, finding compromises. I would even say that I personally prefer not to have any formal written political declarations after the G8 summits since what is important at the G8 summit is the discussion among the leaders where they find the common ground and agree how they are going to move forward. And some of those things, the most important things, are not being written on paper and announced. While on the development issues the most important things are on paper. This is a clear distinction. That's why an accountability report will not really work in the security area. There are some issues where it can work, for instance work against drug traffic, where you can have specific targets and specific results that we would like to achieve. That's possible. We can find areas like these where the broad-based approaches are really possible. There is a chance that the French presidency will bring this to the agenda, I mean the drug traffic issue. On the G20 achievements, I think that we have some progress, given the young age of this format it's a good progress. We have some results in the area of financial regulations including banking capital standards, finance ministers recently agreed on the quota redistribution in the IMF which is a good result, promised to achieve the result of this clear commitment from the G20 leaders. I heard the story that the president of South Korea told the finance ministers that their airplanes would be blocked in the airport unless they agree on quota redistribution. They would seat until they agree. So it worked. Every chair of the summit would like to have the successful summit. I would tend to agree that it's still a slow process but it's a completely new format, and leaders and people who work for leaders need to adjust to each other and to find a good way to collaborate.