

# Cannes G20 Summit: Assessment and Implications

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**T**he world carefully watched the 2011 Group of 20 Summit, which was held on November 3-4 in Cannes, France, with a hope to find a solution to the eurozone debt crisis. High expectations for the G20 had been lowered after the Cannes Summit with the reduced effectiveness of the forum and the absence of genuine leadership. Still, the summit was half-successful, for it helped concrete the continuity of G20 meetings.

## *The Reduced Effectiveness of the G20*

The G20 leaders drew a blank in resolving the eurozone crisis, due to disagreement between European countries, the political turmoil in Greece, and the economic crisis in the U.S. Furthermore, China and other developing nations were also reluctant to intervene. As such, the G20 showed its limit in taking a leading role in solving the eurozone debt crisis. This has also increased worries over the future of G20, even though it was previously praised for providing effective countermeasures during the 2008 global financial crisis.

After the G20 Summit in Seoul, the G20's role expanded. From a body established for a short-term crisis management, the G20 now works for all-time crisis prevention. The international community had high expectations that the G20 will step-up to meet the new

responsibilities. However the G20 fell short of expectations, on both crisis management and crisis prevention.

Such result was unavoidable due to the political and economic nature of the eurozone crisis. First, the political nature of the crisis requires the EU countries to first find a solution without involving the non-EU states. Yet, economically, the crisis affects the international community as a whole. Amidst the conflict, the G20 became lethargic.

However, the latest summit also made some positive progress. The leaders reaffirmed their commitment on agenda items discussed during the 2010 G20 Seoul Summit. The leaders discussed ways to strengthen financial regulations. Also, while discussing the problem of weakening global recovery, the G20 leaders highlighted the severity of the unemployment issue.

## *The Absence of Leadership*

The latest summit in Cannes showed a lack of leadership compared to the previous five rounds of G20 summits.

During the 2008 Financial Crisis, collective leadership was seen from the United States as well as from EU nations, including the United Kingdom. Such efforts were first seen during the

inaugural G20 Summit in Washington. It continued on throughout the 4<sup>th</sup> G20 meeting in Toronto. At the 2011 5<sup>th</sup> G20 Summit in Seoul, not only the G7 countries but also many key developing nations, including China, joined efforts to develop the G20.

While preparing for the G20 Seoul Summit, the key participating countries showed ‘active involvement,’ in order to expand the G20’s role. On the other hand, the participating countries showed ‘passive avoidance’ at the Cannes Summit. Disagreements arose between the U.S. and EU, between the EU countries, as well as between the U.S. and China during the Cannes summit. In the midst of conflicting interests, the involved countries tried only to defend their own countries’ national interests.

Though limited in scale, the international community still agreed to stabilize the G20’s role as a top-level forum for global economic cooperation, in the content of reforming global governance. This implies that the countries have mutually recognized that there is no viable alternative to the G20. Accordingly, a new type of leadership may emerge for the next G20 summit meetings.

### *Progress in Institutionalizing the G20*

There was a significant progress in institutionalizing G20 during the summit in Cannes.

First, although the informal nature of institutional foundation of G20 had been reaffirmed, the leaders still defined

the Troika’s role as an actual secretariat. Through this, the leaders recognized the need for the secretariat, and thereby showed that they are looking forward to mid-to long-term institutional development.

Second, the leaders agreed to specify the next host country by 2015 and also decided to take turns to host the summit on the basis of regional grouping. Thus the G20 summit in Cannes provided an opportunity to share a clear vision for the persistence of G20 and strengthened regional representation.

Third, the leaders also enhanced the power of the agencies such as the IMF and FSB which institutionally support the G20. This reaffirmed the G20’s reputation as the top organization and improved the practicality of the G20 system.

Mexico, Russia, Australia and Turkey (all non-G7 countries) are listed as candidates to host the G20 leaders’ summit in 2015. This may be a great opportunity for emerging countries to voice their opinions. However, it could also lead to neglect and ignorance from the G7 countries, which may eventually lead to difficulties in the development of the G20. IFANS 2011 ©

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