



Shaping Globalisation Together: Work Programme of the German G-20 Presidency 2004

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With the financial crises of emerging market economies in the 1990s it has become evident that the international community needs a joint effort to cope with the global challenges that lie ahead. Since its inception in 1999 in Berlin the G-20 has focused, on enhancing the stability of the international financial system and, more broadly, on making globalisation beneficial for all. Under German chairmanship, the G-20 will continue to work on these issues. In addition, the G-20 will address more rigorously the issue of mobilising the sources of long-term global growth.

The work programme includes the following items in particular.

I. Promoting Stability and Growth in the Context of Globalisation

The differences in economic performance of various regions of the world call for a thorough analysis of the underlying causes. Building on the different experiences of emerging market economies in East Asia and Latin America over the past decades, and with emphasis on macroeconomic stability, G-20 members will discuss the key elements of a successful strategy for stability and growth, and aim at developing common principles.

II. Institution Building in the Financial Sector

In 2003, the G-20 started a comprehensive analysis of their own institutional foundations conducive to stability and efficiency in their financial sectors. Substantive input has been delivered by means of case studies that have raised several issues and questions that deserve further and more in-depth consideration. One focus of particular interest for the G-20 in 2004 will be the question of how to strengthen domestic financial markets. Deep and efficient domestic financial markets are essential for both mobilising domestic savings and reducing the reliance on external financing (and the resulting vulnerabilities, such as a currency mismatch). The discussion will cover, *inter alia*, the sequencing in developing such markets, including supervisory issues, with a view to identifying lessons and principles to strengthen domestic financial markets.

III. Regional Integration in a Global Framework

For many years now, and in parallel with globalisation, we have been witnessing closer economic as well as political integration of regions. Regional integration as a practical step towards pro-

moting global integration has gained wide acceptance in recent years. The G-20 will explore the different objectives appropriate for different regions, the proper sequencing to be recommended and the conditions to be fulfilled at each stage. The exercise could result in formulating benchmarks for evaluating the efforts at regional integration as well as guidance on how to deepen it most effectively.

IV. Strengthening the Framework for Crisis Prevention and Resolution

This issue has been at the heart of the G-20 agenda since it was created and will continue to play an important role. At present, attention is focused on proposals for introducing a voluntary Code of Conduct aimed at crisis prevention and facilitating the orderly resolution of those that occur.

V. Combating the Abuse of the Financial System

The abuse of the international financial system threatens both its integrity and ability to function properly. It makes sense to take a broad perspective when discussing the way forward:

(a) Harmful Tax Competition

Competition of tax systems can enhance welfare as it may help to strengthen efficiency. It may be harmful, however, when tax systems directly encourage tax evasion. In such cases of “beggar-thy-neighbour-policy”, the global community should aim at fostering transparency and ensuring an effective exchange of information.

(b) Money Laundering and Terrorist Financing

Two years after the G-20 Action Plan on Terrorist Financing was adopted in Ottawa, members will examine whether the measures taken have been successful and what steps should be taken next.

VI. Demographic Challenges and Migration

The demographic challenges G-20 members are facing are very different. While those with a rapidly ageing population must prepare for significant increases in public savings due to rising old-age pension spending, others struggle to fund the necessary investments in education for their younger population. It is worth noting that any country may be faced with either of these challenges, regardless of whether it is an industrial or an emerging market economy. Thus, a discussion in the G-20 offers a very broad range of perspectives. Migration may be an important aspect of this debate since it may play an important part in dealing with these challenges while – at the same time – representing a challenge in its own right. The G-20 will try to identify the issues at stake in each country, list the actions necessary to address these challenges and ask whether and to what extent this is a global policy issue in order to define the role and possible contribution of the G-20.