



G20

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Why in News?

Meeting of the Leaders' of the G-20 Nations, in Buenos Aires, Argentina.

What is G20?

- The G20 is an informal group of 19 countries and the European Union, with representatives of the International Monetary Fund and the World Bank.
- The G20 membership comprises a mix of the world's largest advanced and emerging economies, representing about two-thirds of the world's population, 85% of global gross domestic product, 80% of global investment and over 75% of global trade.

Origin

- **1997-1999 ASIAN Financial Crisis:** This was a ministerial-level forum which emerged after G7 invited both developed and developing economies. The finance ministers and central bank governors began meeting in 1999.
- **Amid 2008 Financial Crisis** the world saw the need for a new consensus building at the highest political level. It was decided that the **G20 leaders** would begin meeting once annually.
- To help prepare these summits, the G20 finance ministers and central bank governors continue to meet on their own twice a year. They meet at the same time as the International Monetary Fund and The World Bank.

How G20 Works?

The work of G20 is divided into two tracks:

- **The finance track** comprises all meetings with G20 finance ministers and central bank governors and their deputies. Meeting several times throughout the year they focus on monetary and fiscal issues, financial regulations, etc.
- The Sherpa track focuses on broader issues such as political engagement, anti-corruption, development, energy, etc.

Each G20 country is represented by its Sherpa; who plans, guides, implements, etc. on behalf of the leader of their respective country. (Indian Sherpa, at the G20 in Argentina, 2018 was Shri Shaktikanta Das)

G20 Members

- The members of the G20 are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union.
- Spain as a permanent, non-member invitee, also attends leader summits.

Structure and Functioning of G20

- The G20 Presidency rotates annually according to a system that ensures a regional balance over time.
- For the selection of presidency, the 19 countries are divided into 5 groups, each having no more than 4 countries. The presidency rotates between each group. Every year the G20 selects a country from another group to be president.
India is in Group 2 which also has Russia, South Africa, and Turkey.
- The G20 does not have a permanent secretariat or Headquarters. Instead, the G20 president is responsible for bringing together the G20 agenda in consultation with other members and in response to developments in the global economy.
- TROIKA: Every year when a new country takes on the presidency (in this case Argentina 2018), it works hand in hand with the previous presidency (Germany, 2017) and the next presidency (Japan, 2019) and this is collectively known as TROIKA. This ensures continuity and consistency of the group's agenda.

Cooperation

- In Toronto in 2010, leaders declared it to be the premier forum for global economic co-operation.
- The work of G20 members is supported by several international organisations that provide policy advice. These organisations include:
 - The Financial Stability Board (FSB). The FSB, which was established by G20 leaders following the onset of the global financial crisis,
 - The International Labour Organization (ILO).
 - The International Monetary Fund (IMF).
 - The Organisation for Economic Co-operation and Development (OECD)
 - United Nations (UN)
 - World Bank

- The World Trade Organization (WTO)
- The G20 also regularly engages with non-government sectors. Engagement groups from business (B20), civil society (C20), labour (L20), think tanks (T20) and youth (Y20) are holding major events during the year, the outcomes of which will contribute to the deliberations of G20 leaders.

Issues Addressed by G20

The G20 focuses on a broad agenda of issues of global importance, although, issues pertaining to the global economy dominate the agenda, additional items have become more important in recent years, like:

- Financial markets
- Tax and fiscal policy
- Trade
- Agriculture
- Employment
- Energy
- Fight against corruption
- Advancement of women in job market
- 2030 agenda for Sustainable development
- Climate Change
- Global Health
- Anti-terrorism
- Inclusive entrepreneurship

India's Priorities in G20 Summits

- Checking tax evasion to fight corruption
- Choking terror funds
- Cutting the cost of remittances
- Market access for key drugs
- Reforms in the World Trade Organisation to improve its functioning
- "Full implementation" of the Paris Agreement

Achievements

- **Flexible:** With only 20 members, the G20 is agile enough to make prompt decisions and to adapt to new challenges.
- **Inclusive:** The inclusion every year of invited countries, international organizations and civil society organization through engagement groups allow for a broader and more comprehensive perspective when assessing global challenges and building consensus to address them.
- **Coordinated action:** The G-20 has also played a crucial role in strengthening the international financial regulatory system, including better coordination across countries.
- **Facilitated an increase in lending** from multilateral development banks of US\$235 billion at a time when private sector sources of finance were diminished.
- Major achievements of the G20 include **quick deployment of emergency funding** during the 2008 global financial crisis.
- It also works for **reforms in international financial institutions** by improving oversight of national financial institutions. Such as G20 driven reforms to the international tax system, through the G20/OECD Base Erosion and Profit Shifting (BEPS) project and implementation of tax transparency standards.
- G20 played a critical role in the **ratification of the Trade Facilitation Agreement**, with the WTO estimating it could contribute up to somewhere between 5.4 and 8.7% to global GDP by 2030 if the agreement were fully implemented.
- **Better Communication:** G20 bring World's top developed and developing countries together to bring consensus and reasoning into decision making through discussion.

Challenges

- **No Enforcement mechanism:** The G20's toolkit ranges from simple exchanges of information and best practices to agreeing common, measurable targets, to coordinated action. None of this is achieved without consensus, nor is it enforceable, except for the incentive of peer review and public accountability.
- **Not legally binding:** the decisions are based on discussions and consensus which culminates in the form of declarations. These declarations are not legally binding. It's just an advisory or consultative group of 20 members.

Way Forward

- The G20 cannot be a panacea for the world's problems. But over the past 10 years, the G20 has been an important forum for international cooperation.
- Effective global governance, like the G20, is essential as rising powers seek opportunities to influence and contribute to the global order.