



Introduction to the Group of 20 (G20)

SUMMARY

ORIGIN AND PURPOSE. In 1999, in response to the East Asian Financial Crisis, the finance ministers of the United States and Canada chose the members of the G20, including 19 countries and one region, the European Union.

Until 2008, the G20 met as a forum for finance ministers and central bankers. Then, the Group began meeting at the level of Leaders' (Presidents and Prime Ministers) in order to address the global financial crisis.

The G20 is more inclusive than the Group of 8 (G8); its member countries represent about 85% of global output and trade and two-thirds of the global population.

GOVERNANCE AND AGENDA. In 2015, Turkey is the President of the G20. It coordinates G20 governance with its "Troika" partners — the past and future G20 presidents, which are Australia and China, respectively.

In addition to convening the most important ministerial group — Finance Ministers and Central Bank Governors — Turkey will convene Foreign Ministers as well as Labor, Trade, Energy, Agriculture and Tourism Ministers.

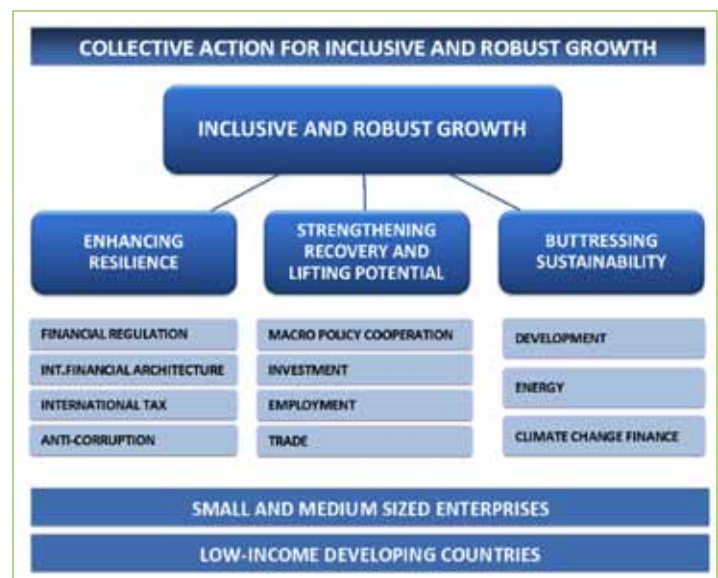
In addition to existing Engagement Groups (Civil 20, Think 20, Labor 20, Business 20, Youth 20, and (G)irls 20, Turkey will create a Women's 20.

Although the G20 Leaders meet only once a year, the G20 works year-round through many ministerial and working groups.

CHALLENGES. The G20 excludes 173 countries and lacks adequate transparency and mechanisms for participation by and accountability to these countries and important groups, such as civil society and parliaments.

AGENDA. Turkey's agenda concentrates on three "I"s: Inclusiveness, Implementation, and Investment/Infrastructure. To demonstrate inclusiveness, Turkey will focus on the concerns of Low-Income Developing Countries (as defined by the IMF) as well as the interests of Small- and Medium-Sized Enterprises (SMEs). It is working with the International Chamber of Commerce to establish a World SME Forum.

The agenda includes three pillars, eleven topics, and two cross-cutting themes as shown in the diagram below:



1. Introduction

The G20 evolved into an annual Summit of Leaders (Presidents and Prime Ministers) in 2008. At the September 2009 hosted by the US (in Pittsburgh), the Leaders declared that the G20 would be the "premier forum for international economic cooperation."

In many ways, it has not lived up to this exalted title. However, the G20 is more inclusive than the Group of 8 (G8); its member countries represent about 85% of global

Timeline: Evolution of the G7/8 and the G20

- 1976 – The Group of 7 (G7) comprised a “steering committee” for the global economy – Canada, France, Germany, Italy, Japan, United Kingdom, and the United States.
- 1997 – In this year, Russia joined the political discussions of the Group of 7 (G7). In 2002, when Russia became an official member, the G7 became the Group of 8 (G8).
- 1999 – The U.S. and Canada created the Group of 20 (G20) as a body of finance ministers and central bankers in order to respond to the 1997-98 East Asian Financial Crisis.
- 2005 – The G8 met with leaders of five emerging market countries (Brazil, China, India, Mexico, and South Africa). In 2007, the G8 +5 process was strengthened.
- 2007 – The U.S. triggered the global financial crisis.
- 2008 – The G20 began meeting at the level of Leaders (Presidents and Prime Ministers).
- 2009 – At the Pittsburgh Summit, the G20 declared itself the “premier forum for international economic cooperation,” which was a direct challenge to the authority of the G8.
- 2014 – Due to Russia’s annexation of Crimea, Russia’s membership in the G8 has been suspended.
- 2015 – Germany presides over the G7 Summit; Russia presides over the BRICS Summit

output and trade and two-thirds of the global population. The creation of the G20 at the Leaders’ level symbolizes the beginning of the end of Western domination and a decisive shift in the balance of power from “the West to the rest.”

Importantly, the G20 sits at the apex of the global governance system with a growing agenda of issues and the power to give mandates to dozens of international organizations. Therefore, it should not be underestimated.

This article introduces the G20 – its leadership, membership, origin, agenda, and constituency groups.

2. Leadership and Membership of the “Club”?

As of December 1, 2014, Turkey assumed the G20 presidency; it will preside over the G20 Summit on November 15-16, 2015 in Antalya, which is on the Mediterranean coast of Southwestern Turkey.

The G20 membership, which includes 19 countries and one region, are among the 30 countries with the highest absolute GDP (in nominal prices).

The G8: Canada, France, Germany, Italy, Japan, Russia, U.K., and U.S.

The “Rising 9”: Argentina, Brazil, China, India, Indonesia, Mexico, South Africa, South Korea, and Turkey

Australia and Saudi Arabia

The European Union

Invited Participants

Each G20 President is asked to invite four guests in addition to Spain, which is a “permanent observer.” In 2015, Turkey is inviting Azerbaijan as well as the 2015 Chairs of ASEAN (Malaysia); the African Union (Benin); NEPAD (Senegal); and the Global Governance Group (3G) (Singapore).

In addition, representatives of international organizations attend the International Monetary Fund (IMF), the World Bank, the United Nations, the World Trade Organization, the Financial Stability Board, the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO).

Table: G20 Summits 2008-2015*

	Date	Host country	Host city
1st	November 2008	United States	Washington, D.C.
2nd	April 2009	United Kingdom	London
3rd	September 2009	United States	Pittsburgh
4th	June 2010	Canada	Toronto
5th	November 2010	South Korea	Seoul
6th	November 2011	France	Cannes
7th	June 2012	Mexico	Los Cabos
8th	September 2013	Russia	Saint Petersburg
9th	November 2014	Australia	Brisbane
10th	November 2015	Turkey	Antalya
11th	November 2016	China	TBA

*https://www.g20.org/about_g20/past_summits

3. Origin and Background of the G20

In 1999, the G20 was created as a forum for finance ministers and central bankers to deal with the aftershocks and implications of the 1997-1998 East Asian financial crisis, which had ripple effects throughout Asia and the world (e.g. Russia, Brazil, Argentina). The finance ministers of the U.S. and Canada dominated the selection of G20 member countries.

The crisis demonstrated that a worldwide economic meltdown was possible due to financial contagion. It also created

a backlash against the prescriptions of the IMF which were widely perceived as contributing to the crisis and deepening its recessionary aftermath. At the first G20 meeting (in Berlin, Germany), Asians sought help from the West.

In 2007, the US-triggered a profound global financial and economic crisis and, in 2008, the G20 Leaders (i.e. presidents and prime ministers) met for the first time in Washington, D.C. At this G20 Leaders' Summit, the "tables were turned" – insofar as Western countries sought help from Asian and other emerging market economies.

Particularly in the East (e.g., China), countries could help because they had massive levels of foreign reserves. Why? Not only because of the revenues from export sales, including to "deficit countries," such as the United States, but also because the East Asian financial crisis taught them that, in the event of another financial panic, high levels of reserves would protect them from ever again going to the IMF on "bended knee" with a "begging bowl." Indeed, the IMF was widely viewed as a colonial power that was implementing Western-inspired reforms.

The G20's coordinated stimulus policies of 2008-2010 began a recovery process. However, since 2010, the fragile global economy has been threatened by a stagnant eurozone, the deceleration of the BRICS' economies, and weak global growth. The G20 has failed to blaze a path that balances fiscal prudence with the need for growth and job creation. Nevertheless, as discussed below, the body is not doomed to irrelevance, as some would claim.

4. Agenda and Governance Bodies

The G20 Presidency has considerable control over the Summit agenda, particularly since the Troika countries have not always worked well together. In 2015, the Turkish Prime Minister Recep Tayyip Erdoğan will be under scrutiny, as all G20 hosts are. G20 processes involve many domestic and global players that will demand freedom of press to air their views about G20 policies and procedures. Some could be construed by the government as oppositional. Similar challenges will exist in 2016, when China ascends to the G20 Presidency.

Although the G20 Leaders meet annually, there are many bodies that work throughout each year and report to the Leaders:

Sherpas: Each Head of State has a representative called a "sherpa" and, for each Summit, these individuals meet regularly to do the heavy work of negotiating the agenda, the analyses of issues and the outcome documents.

Ministerial Meetings: In addition to the meetings of the powerful G20 Finance Ministers and Central Bank Governors, the G20 troika will convene meetings of Agriculture Ministers, Labor/Employment Ministers, Foreign Ministers, Trade Ministers, Energy Ministers, and Tourism Ministers.

Working Groups:

- The Framework Working Group on "Strong, Sustainable and Balanced Growth", which contains the policy commitments of each G20 member country
- The Investment and Infrastructure Working Group
- The Development Working Group
- The Anti-Corruption Working Group
- The Employment Working Group
- The Energy Sustainability Working Group

The Working Groups are generally co-chaired by a developed and a developing country member. The co-chairs sometimes invite experts from relevant international financial institutions, standard setting bodies, non-G20 countries, business, and academia to advise the working groups. Except for rare occasions, members of civil society are largely excluded from these processes. With few exceptions, members of parliament are also excluded and uninformed.

5. G20 Constituency Groups



The G20 is increasingly seen as the "sun" in the "solar system" of international organizations around which international organizations and constituency groups rotate like "planets" or "moons." However, since the G20 is an "informal" organization without Secretariat or a charter, it has few mechanisms to build accountability to the 173 countries that are excluded from its membership or from constituency groups.

Some excluded UN member countries have organized themselves as the Global Governance Group (3G) which Singapore has sometimes represented at the G20.

The number and type of constituency groups that seek to influence the G20 has grown over time to include: the Business 20 (B20); the Labor 20 (L20); the G20Y of young business leaders; the Think Tank-20 (T20); Civil

Society Organizations (C20); and the Girls 20. Turkey is also creating a Women's 20. The work of the B20, L20, T20 and C20 can be viewed [here](#).

The G20 has formal relations with business, but not civil society groups since some G20 governments do not believe that civil society groups are legitimate participants in their deliberations.

The Business 20 generally has its Summit on the eve of the G20 Summit. It works closely with a) the G20 Advisory Group of the International Chamber of Commerce, which consults with companies around the world in order to consolidate business positions in advance of G20 Summits; b) the World Economic Forum; and c) consultants, such as McKinsey and Company.

6. Challenges for the G20

In 2015, the G20 can help realize its potential for democratizing global governance and achieving sustainable development by supporting successful and democratic outcomes of upcoming UN events, including:

- **Beijing +20.** The fifty-ninth session of the [Commission on the Status of Women](#) (CSW) will assess progress in the implementing the [Beijing Declaration and Platform for Action](#), 20 years after its adoption at the Fourth World Conference on Women. (New York City, March 2015).

- **FfD.** the [Financing for Development Conference](#) (Addis Ababa, July 2015); The Conference will result in an inter-governmentally negotiated and agreed outcome, which should contribute to and support the implementation of the post-2015 development agenda.

- **Post-2015.** The UN Summit for Adoption of the Post-2015 Development Agenda (New York City, September 2015).

- **COP 21.** [United Nations Climate Change Conference](#) (21st Conference of Parties (COP) will create a legally-binding climate agreement. (Paris, November-December 2015).

Such support should include high-level commitments by each G20 country to measures to, among other things: advance the realization of human rights; provide universal access to basic services; advance gender equality; and reduce income and wealth inequality. In relation to current commitments, some actions the G20 should take include:

- Following through on promises to **cut fossil fuel subsidies**; and **reduce greenhouse gas emissions** sufficiently to ensure that global warming does

not exceed 2 degrees Celsius above pre-industrial levels.

- Following through on promises to expand **women's participation** in the labor force;

- **Curbing corruption** by committing to public disclosure in the new country-by-country reporting framework for Multinational Enterprises; and address the tax treatment of shadow banking and of private pools of capital in the BEPS (Base Erosion and Profit Shifting) Action Plan.

- **Valuing public goods.** In general, the G20 puts a higher priority on austerity than on investing in public goods, including creating decent jobs, protecting the environment, and regulating the financial system.

- **Taking a normative approach to infrastructure investment.** The G20 is mobilizing support, particularly long-term institutional investments, in large-scale infrastructure, particularly in the energy, water, transport, and ICT sectors. To date, the G20 has paid insufficient attention to the need for infrastructure projects to be selected and designed with attention to: appropriate scale, participation (especially by affected communities), transparency, job creation, carbon footprint, and norms (environmental, social, gender, and human rights impacts).

In addition, to enhance its legitimacy, G20 should:

- **Enhance transparency.** The G20 lacks transparency (many documents are not publicly disclosed; others are disclosed, but only in final drafts).

- **Enhance participation.** Mechanisms for dialogue with non-G20 member countries should be integrated into the G20's structure. In addition, the Business 20 should not get more access to the G20 than other engagement groups. For instance, civil society should get as much access to G20 Ministerial Meetings, Working Groups and Summits as the Business 20 gets. In addition,

- **Ensure accountability.** The G20 should be accountable to more democratic institutions, such as the United Nations, the International Monetary Fund or the World Bank, with universal or nearly-universal memberships. The G20 should respect the expertise and roles of dozens of international organizations (e.g. the IMF, the World Bank, the Financial Stability Board, United Nations agencies). It should refrain from giving mandates to these institutions. Where these

mandates evolve from the full membership of international organizations, they can reinforce participatory governance. Otherwise, they by-pass and undermine existing governance structures.

Links to G20 and Engagement Group Sites:

Official site of the G20: <https://www.g20.org/>

Civil 20: <http://www.c20turkey.org/>

Labour 20: <http://www.ituc-csi.org/l20>

Think Tank 20: <http://www.t20turkey.org/>

G200 Youth Forum: <http://www.g200youthforum.org/>

(G)irls 20: <http://www.girls20.org/programs/girls20-summit/girls20-summit-2015-turkey/>

The B20: <http://www.b20coalition.org/>

Other Links:

Heinrich Boell Foundation, North America, G20 and BRICS website:

<http://us.boell.org/categories/group-20-brics>

The Global Summitry Project: <http://globalsummitryproject.com/>

The G20 Information Centre, University of Toronto:

<http://www.g20.utoronto.ca/>

Oxfam: <http://www.oxfam.org/en/tags/g20>

International Chamber of Commerce, G20 Scorecard:

<http://www.iccwbo.org/global-influence/g20/reports-and-products/icc-g20-scorecard/>

InterAction (US): <http://www.interaction.org/work/g7g20>

BOND, UK: <http://www.bond.org.uk/advocacy/g20>