

## Group of Twenty - G20

### **Introduction**

The Group of G20 (G20) comprises Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, and the United States along with the European Union. G20 members currently account for more than 80% of world GDP, 75% of global trade, and 60% of the global population.



### **Origin and Evolution**

The G20 was founded in 1999 after the Asian financial crisis as a forum for the Finance Ministers and Central Bank Governors to discuss global economic and financial issues. The G20 was later upgraded to the level of Heads of State/Government and was designated the “premier forum for international economic cooperation”. Since 2011, the G20 Summit is held annually, under the leadership of a rotating Presidency. The G20 initially focused largely on broad macroeconomic policy, but it has since expanded its ambit to include trade, climate change, sustainable development, energy, environment, climate change, anti-corruption etc.

### **Organisational Structure**

The G20 does not have a charter or a secretariat. The Presidency, aided by the countries holding the Presidency before and after it (**Troika**), is responsible for setting the agenda of each year’s Summit. The G20 process is led by the Sherpas of member countries, who are personal emissaries of the Leaders. The Sherpas, oversee negotiations over the course of the year, discussing agenda items for the Summit and coordinating the substantive work of the G20.

The G20’s work is divided into two tracks: the **Finance Track** and the **Sherpa Track**. Within the two tracks, there are thematically oriented working groups in which representatives from the relevant ministries of the members as well as from invited/guest countries and various international organizations participate. The working groups meet regularly throughout the term of each Presidency. The agenda is also influenced by current economic developments as well as by the tasks and goals agreed upon in previous years. The G20 holds a multi-year mandate to ensure institutional continuity.

### **Participation by Non-Members**

There has been a tradition of inviting a few non-G20 member countries as guests as well international organisations. These countries vary from year to year, except Spain which is a permanent invitee. Regular participants in the G20 process are the International Monetary Fund (IMF), the World Bank, the United Nations (UN), the Organization for Economic Co-operation and Development (OECD), the World Trade Organization (WTO), the International Labour Organization (ILO) and the Financial Stability Board (FSB), as well as the countries holding the presidencies of the regional organizations such as ASEAN, the African Union, and the development program NEPAD. The incumbent Presidency may invite other countries and IOs for G20 meetings and Summits.

## **Previous G20 Summits**

### **Washington DC, London, Pittsburgh- 2008 & 2009**

The first G20 Summit was held in 2008 in Washington DC (USA). It set the scene for the most dramatic reform of global finance in over 60 years. At the follow-up summit in 2009 in London (UK), the G20 agreed to blacklist states that refused to cooperate on efforts to tackle tax evasion and avoidance. In the wake of the 2008 financial crisis, the G20 resolved to impose stricter controls on hedge funds and rating agencies. Institutional reforms included the expansion of the Financial Stability Forum (FSF) to make it an effective supervisory and watchdog body for the global financial system. It was renamed the Financial Stability Board (FSB). The G20 is credited with helping avert a shift to protectionism in the aftermath of the 2008 financial crisis. It also helped mobilize consensus for tripling the International Monetary Fund's budget and for expanding the mandate and lending remit of multilateral development banks. In 2008, in Washington DC, the G20 had agreed to refrain from imposing new barriers to trade and investment for 12 months. This provision has been extended at every subsequent summit.

The G20 Summit in Pittsburgh (USA) in 2009 established the G20 as a major decision-making body on matters relating to the global economy. This summit decided on stricter regulations for the banking sector, requiring banks to retain a greater proportion of their profits to build capital. These measures helped reduce the financial risk to governments and tax-payers posed by high-risk private-sector activities.

### **Toronto, Seoul, Cannes- 2010 & 2011**

At the Toronto Summit (Canada) in 2010, the G20 adopted directives to reduce sovereign debt. The advanced industrial States pledged a reduction in their budget deficits and external borrowing. G20 Leaders met again in 2010 in Seoul (Republic of Korea), where they adopted stricter regulations for banks (Basel III Norms), as well as agreed on the reform of the financial stakes and voting shares in the International Monetary Fund (IMF).

Seoul was also a milestone in the history of the G20. For the first time, development policy issues were on the Summit's Agenda which came to be known as the 'Seoul Consensus'. Development has since been a standard part of the agenda of every subsequent Summit.

At the heart of the work programme of the G20 Summit in Cannes (France), in 2011, was the reform of the international monetary system. G20 Leaders also agreed to establish the Agricultural Market Information System, an inter-agency platform to enhance food market transparency and encourage international policy coordination in times of crisis.

### **Los Cabos, St. Petersburg, Brisbane - 2012, 2013 & 2014**

The focus of the Summit in Los Cabos (Mexico) in 2012 was on fighting youth unemployment and creating quality jobs with social security coverage and fair income. The Summit also highlighted the link between the development agenda, agriculture, and green growth.

In St. Petersburg (Russia) in 2013, major progress was made on combating tax evasion and avoidance. The G20 agreed on the automatic exchange of tax information and the Action Plan on Base Erosion and Profit Shifting (BEPS). This was intended to help create a regulatory policy to oversee the activities of multinational businesses which were engaging in tax avoidance by minimising profits and shifting profits outside the countries, where the activities deriving those profits are performed.

At the Brisbane Summit (Australia) in 2014, the G20 set itself the ambitious goal of increasing its collective GDP by an additional two percent. Another important step was taken in the field of banking regulation wherein the Finance Ministers and Central Bank Governors endorsed the Common Reporting Standard for Automatic Exchange of Tax Information. The Leaders endorsed the 'Brisbane 25 by 25' goal which aimed at reducing the gender gap in the labour workforce by 25 percent by 2025.



### **Antalya and Hangzhou – 2015 & 2016**

At the G20 Summit in Antalya (Turkey), in 2015, the G20 looked for the first time at migration and refugee movement. They also agreed on further financial sector reforms, and resolved to support the global climate agreement. The Leaders also issued a G20 Statement on the Fight against Terrorism.



At the Summit in Hangzhou (China), in 2016, the focus was on strengthening long term inclusive growth of the global economy. The Summit also looked at linking sustainable growth and social welfare. Digital Economy as an important driver of development and growth became part of the G20 agenda for the first time during China's Presidency in 2016. G20 Leaders also adopted the

‘G20 Action Plan on 2030 Agenda for Sustainable Development’ which has since then become the guiding document for G20’s work on the ‘sustainable development’.



### **Hamburg - 2017**

The G20 under the German Presidency met under the theme- “Shaping an interconnected world” and accorded a special emphasis to addressing the global menace of terrorism. A G20 Leaders’ Retreat on ‘Fighting Terrorism’ was held, ahead of the formal commencement of Summit proceedings.

The Hamburg Declaration adopted by the Leaders at the 2017 Summit endorsed the “irreversibility” of the Paris Agreement. It highlighted energy-security as the guiding-principle for the transformation of energy system and called on multilateral development banks (MDBs) to promote universal access to affordable and clean energy. G20 Leaders committed to further aligning their policies with the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on Financing for Development. The G20 Africa Partnership also known as ‘G20 Compact with Africa’ was launched at the Summit.



### **Buenos Aires -2018**

The overarching theme of the G20 under Argentina’s Presidency was ‘Building Consensus For Fair And Sustainable Development’. The priority areas for Argentina’s Presidency were - Future of work; Fourth Industrial Revolution, Health, Youth, Infrastructure for development; and Sustainable food security. The G20 also sought to build on the legacy of past Presidencies across a broad array of issues including empowering women, fighting corruption, strengthening our financial governance, strong and sustainable financial system, fairness of the global tax system, trade and investment, climate action, flexible and cleaner energy systems.



### **Osaka - 2019**

The G20 Summit in 2019 (Japan) focused on key issues such as Trade and Investment; Excess Capacity of Steel; Digitalization; Data Free Flow with Trust; G20/OECD Framework on Base Erosion and Profit Sharing; Quality Infrastructure investment; Anti-Corruption; Climate Change; Energy; Environment; Displacement and Migration.

The G20 leaders released an important statement on ‘Preventing Exploitation of the Internet for Terrorism and Violent Extremism Conducive to Terrorism (VECT)’.



### **Saudi Arabia - 2020**

The 15th G20 Summit was held under the theme ‘Realising Opportunities of the 21st Century for all’. It was the first ever virtual Summit in the history of G20.

At the initiative of Prime Minister Modi, the Saudi Presidency also convened an ‘Extraordinary Virtual G20 Leaders’ Summit on 25 March 2020 to discuss the challenges posed by the outbreak of the COVID-19 pandemic and to forge a coordinated global response. Following which the Leaders released a statement on Covid-19 expressing commitment to fight the pandemic; safeguarding the global economy; addressing international trade disruptions and enhancing global cooperation to counter the pandemic’s impact. The G20 also committed to injecting over USD 5 trillion into the global economy to counter the social and economic impact of the pandemic.

Under the Saudi Presidency, the leaders endorsed the Debt Service Suspension Initiative and the Common Framework for Debt Treatments beyond the DSSI to provide liquidity relief to debt ridden countries, so as to allow them to concentrate their resources on providing social security and health benefits to their citizens and address the economic impact of the pandemic. Till date, the DSSI has provided relief of over USD 5 billion to more than 45 countries and has been extended till the end of 2021.

Important outcomes of the Saudi Presidency include the adoption of an Action Plan in response to COVID-19 and convening a joint meeting of the Finance and Health Ministers, as well as significant progress on discussions on the reform of the international tax system. The G20 also agreed to establish the Private Sector Alliance for the Empowerment and launched Progression of Women's Economic Representation (EMPOWER) during the Saudi Presidency.



### **Italy - 2021**

The 16<sup>th</sup> G20 Summit will be hosted by Italy on 30-31 October 2021 in Rome. The theme chosen by Italy for their Presidency of the G20 is 'People, Planet, Prosperity' with a focus on four broad thematic areas- (i) Recovery from the pandemic and global health governance; (ii) Economic recovery and resilience (iii) Climate Change (iv) Sustainable Development and Food Security.

Key Highlights from the G20 Calendar under the Italian Presidency have been the Global Health Summit (in partnership with the EU), the first ever G20 Joint meeting of the Foreign and Development Ministers, a standalone meeting of the Development Ministers focused on food security, the first meeting of G20 Research Ministers, a Ministerial Conference on Women's Empowerment, a joint meeting of the Health and Finance Ministers.

The Rome Declaration was adopted by G20 Leaders at the Global Health Summit in May 2021 which called for promotion of strong multilateral cooperation towards ending the COVID-19 pandemic and supporting recovery, and to continue contributing joint efforts to better prevent, detect and respond to global health risks and emergencies. The G20 also signed the 'Matera Declaration on Food Security and Nutrition' to address issues of food security, malnutrition, and hunger by focusing on transformation of the agriculture sector.

The G20 Finance Ministers and Central Bank Governors also endorsed the Final Political Agreement on a two pillar solution to address tax challenges, marking the most significant global tax reform in over a century which will mandate multinational companies to pay a minimum tax of 15% in the countries of their operation.

In addition, Italy also convened an Extraordinary Leaders' Summit on Afghanistan, which was preceded by a meeting of Foreign Ministers on Afghanistan, to discuss the G20's role in responding to the crisis in Afghanistan, especially on ensuring humanitarian access; maintaining security and fighting terrorism and issues of mobility and migration. A Chair's statement was issued following the Summit, which spoke about the advocacy role of the G20 within the international community to fully support UN activities and respond to UN appeals on humanitarian assistance, and called on the Taliban to rescind their links with terrorist groups.

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