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# RSIS COMMENTARIES

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No. 152/2011 dated 19 October 2011

## **Cannes Summit: Make G20 Plus Transparent**

By Pradumna B Rana

### **Synopsis**

*Instead of resisting, regional organisations have chosen to constructively engage with the G20. At the Seoul summit last year, the G20 initiated institutional reforms to enhance its legitimacy. The Cannes summit next month should complete the agenda with an expanded grouping -- a "G20 Plus" -- that is transparent.*

### **Commentary**

WE LIVE in a world where, like it or not, economic and political governance is in the hands of the G20. This is historic because, unlike in the G8 world, for the first time 'systemically important' emerging countries – growing states that are crucial to the international economic system -- have been given a voice in the core of global governance.

The G20, however, is not perfect and, among others, continues to be dogged by questions of "input" legitimacy. Its exclusive nature, and lack of broader inputs from the wider world, is undermining its legitimacy. Firstly, it comprises 19 countries plus the European Union selected in 1999 without using any objective criteria; Europe is clearly over-represented. Seven representatives of Europe – the United Kingdom, France, Germany, Italy, Spain, and the Presidents of European Commission and European Council – sit around the high table of this "self-select" group.

### **Imbalance in representation**

But as we know, this is not new and mirrors a similar composition of the International Monetary Fund (IMF) and the World Bank boards. Given that we are moving from a uni-polar to the multi-polar world, this over-representation has to go. In this context, the bold decision by Seoul not to invite Netherlands last year was a step in the right direction. Secondly, how can the voice of 172 countries - accounting for over 60% of the world's population – be heard when they are not sitting at the high table? Something has to be done.

The G20 practice has been to send out invitations to regional organisations on an ad hoc basis at the discretion of the host. For example, the UK invited ASEAN and the New Partnership for Africa's Development (NEPAD), Canada added the African Union (AU), South Korea brought in the Global Governance Group (3G), and France has brought in the Cooperation Council for the Arab States of the Gulf (GCC) for November's summit. Strictly speaking, 3G, which is a Singapore-led coalition of small and medium states worldwide that is left out of the G20, is not a regional organisation. But it was nonetheless invited under the ad hoc invitation system.

Regional organisations had a choice. Either they could resist, call for a more representative system, and wait.

Or they could go along with the G20 practice and engage pragmatically and constructively to promote their region's voice. Although not fully satisfied with the G20 practice, many regional organisations have chosen the latter option of constructive engagement. For example, the leaders' statement from the 2010 ASEAN Summit stated that "ASEAN strongly believes that it can contribute to the deliberations of the G20 through continued participation of the ASEAN Chair and the ASEAN Secretary General".

Also at the time of the first summit in 2008, the head of AU's executive committee appealed to the organisers of the G20 meeting to think of Africa's right to be an active player in the process and "not to suffer, as always, the consequences of other people's mistakes". This has since been rectified.

### **Moving to G20 Plus**

Had regional organisations chosen the path of resistance, their wait would have been long. The Stiglitz Commission appointed by the United Nations has recommended the involvement of the UN. But a UN-isation of the G20 is perhaps not a good idea because of the trade-off between inclusiveness and effectiveness. Besides, UN Secretary General Ban Ki-Moon, who now participates in the G20 summits, has endorsed that the two institutions are different and complementary. There has also been a suggestion for creating a Global Economic Council comprising country constituencies modelled along the IMF board after the reform of the Fund's voting power. But governance reform at IMF proceeds at a glacial pace.

At the Seoul summit last November, the G20 took an important step in institutionalising the previous practice of ad hoc invitations. The declaration mentioned: "We reached broad agreement on a set of principles for non-member invitations to summits, including that we will invite no more than five non-member invitees, of which at least two will be from Africa." The G20 has now become the G20+5.

While the formalisation of membership of two regional organisations from Africa is appropriate because the entire continent had only one representative (South Africa), how about membership of other regional organisations? Given that at least two will now be from Africa and given Spain's "permanent guest" membership, it means that they have to compete for at most two seats and the system of ad hoc invitations will continue for them.

This decision would surely have disappointed ASEAN which has attended all summits; 3G which has been invited since the Seoul summit; GCC which has been invited to the Cannes Summit; and any other regional groupings aspiring for G20 membership.

### **Guessing game should end**

The Cannes summit on 3-4 November should complete the institutional reform process begun in Seoul. The shift from an ad hoc system to the G20 Plus is good, now it should be made more transparent. Firstly, just as the Netherlands is no longer a guest member, Spain should be requested to give up its "permanent guest" status. Spain gained entry into the G20 with the support of France and then consolidated its position when it took up the EU Presidency. Now there is no clear rationale for its membership: besides Europe is over-represented. Secondly, the G20 should categorically announce that the five regional organisations to participate in its future summits will be the AU, NEPAD, ASEAN, 3G, and GCC.

The guessing game of who will or not be invited should end. Full membership of these five regional organisations should be formalised in Cannes. These actions will greatly enhance the "input" legitimacy of the G20. In return, these five regional organisations should strengthen their outreach programmes with their constituencies and represent them effectively at the G20 high table.

Even with the above reforms, there will be countries left out of the G20. For them, a system of indirect participation should be considered. For example, South Africa has set up a Committee of Ten (C10) finance ministers and central bank governors from around Africa to support its participation in G20. Clearly, the time has come for a new economic architecture that the whole world can embrace.

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