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Enhancing the Effectiveness of G20 Summits

By Pradumna B. Rana

SYNOPSIS

The outcomes of the G20 Summits ever since the first was held in 2008, have been mixed. Sometimes, they have been assessed to be effective and at other times, not. Going forward, how can the effectiveness of the G20 Summits be enhanced?

COMMENTARY

During the Asian Financial Crisis of 1997-98 and the Global Financial Crisis of 2007-09, it was realised that economic recovery from the crises could not be brought about by the actions of the rich G7 countries alone. The voices of the systemically important emerging markets like Brazil, China, and India had to be heard as well.

The debut summit of the G20 leaders, comprising the G7 countries and systemically important emerging markets, was held in November 2008 in Washington, D.C. The focus of this summit and the three others that followed in April 2009 (London), September 2009 (Pittsburgh), and June 2010 (Toronto) was "crisis prevention and crisis management".

At that time globalization was also proceeding at a fast pace and the spirit of global cooperation was strong.

The G20 countries responded by launching a programme of coordinated fiscal and monetary stimulus. The G20 also tripled the resources of the International Monetary Fund (IMF) and tightened international financial regulations. These coordinated efforts were successful in preventing the global economy, then buffeted by the Global Financial Crisis, from experiencing a repeat of the Great Depression of the 1930s.

Lackluster Summits from 2010 to 2021

The fifth G20 Summit was held in November 2010 in Seoul. This summit broadened the G20 focus beyond “crisis prevention and crisis management” to include various economic development issues such as anti-corruption, infrastructure development, marine litter, climate change, water sustainability, and cross-border data flows. Other summits held since 2011 have also followed suit and identified an ambitious agenda including economic development issues for deliberation.

But the G20 has had only limited success in coming up with tangible outcomes on these new agenda items mainly because of the limited resources that it has. The G20 does not have a permanent secretariat and staff of its own. Instead, the two parallel tracks of the G20 – the Finance Track and the Sherpa Track – rely mainly on inputs from various thematic working groups.

G20 is supported by the Troika comprising the current, predecessor, and successor presidencies to purportedly ensure continuity of the agenda. Through its engagement groups, the G20 brings together civil societies; parliamentarians; think tanks; women, youth, and labour representatives; businesses; and academics/researchers from the 20 member countries.

The expansion of the agenda, although important, overloaded the G20 and contributed to its lackluster performance leading to a so-called “G20 fatigue”.

Rising protectionism, populism, and nationalism in the West, and eventually elsewhere, have dampened the mood for global cooperation. The on-going US-China trade war, US-China contestation over technology, and the open military conflict in Ukraine have led to geopolitical tensions among the major powers and their respective allies which could lead to the decoupling and fragmentation of the global economy.

Many analysts have, therefore, questioned the usefulness of the G20. In fact, as early as 2011, the eminent economist, [Nouriel Roubini](#), had noted that the G20 had become just another bureaucratic forum where much was discussed, but little was agreed upon. He also remarked that the G20 world had become a “G-Zero world”.

Success at Bali in 2022

The 17th G20 Summit held in Bali last November was not expected to be any different from its predecessors given the standoff between several Western countries and emerging markets in Asia. In the wake of the Russian invasion of Ukraine, leading G20 members of the West had called for Russia to be suspended from the summit as its actions contravened the key principles of the rules-based international system. Indonesia, the Chair, and several other emerging markets (including China) had rejected these calls.

Analysts had also been pessimistic, given that the Western countries had walked out of the Bali G20 Finance Ministers and Central Bank Governors meeting held earlier in July 2022. However, with careful diplomatic skills, the amicable Indonesian President Joko Widodo managed to bring the group together and to make the summit a success.

The first in-person meeting between President Joe Biden and President Xi Jinping was

held. A joint statement was also issued at the end of their summit which, among other things, deplored in the strongest terms “the aggression by Russia of Ukraine.”

The G20 leaders also agreed to form a pandemic fund and a trust fund to help countries address macroeconomic problems.

Enhancing the Effectiveness of G20 Summits

How can the effectiveness of future G20 Summits be enhanced? This is a critical question in the face of increasing deglobalization, trade wars and economic decoupling, infringements of international law and the principles of the rules-based order, and intensifying geopolitical tensions, to name a few.

Firstly, in 2009, [Barack Obama](#), then US president, had announced that the G20 would replace the G7. This has yet to take place. The world, therefore, has two oversight bodies and there is a need to promote a functional division of labour between them.

Since the G20 countries account for a larger share of the world’s GDP and population than the G7, it is more inclusive and should focus on providing public goods that are truly global such as monetary and financial stability, trade openness, global poverty reduction, and pandemic control.

On the other hand, the G7 countries should focus on addressing geopolitical issues (inviting other countries as appropriate), other issues pertaining to conflict and stability, and areas of interest to the industrialised countries. The G7 could also share policy perspectives derived from their development experiences at G20 deliberations. Such a division of labour would require close cooperation and coordination between the G20 and G7 groupings.

Secondly, a proper division of labour between the G20 and specialized agencies of the United Nations that have done a respectable job in providing global public goods, should be worked out. These agencies include, among others, the World Health Organization (global health and pandemic control), United Nations Environment Program (climate change and sustainable development), United Nations Development Program (economic development), and Food and Agriculture Organization (food security and famine prevention). A division of labour between G20 countries and UN agencies would avoid duplication of efforts.

Thirdly, the eight middle-income members of the G20 grouping (namely, Argentina, Brazil, India, Indonesia, Mexico, Saudi Arabia, South Africa, and Turkey) should play a more active role in advancing the G20 agenda. They could do this individually or collectively, especially during periods of intense geopolitical rivalry (involving the US, China, and Russia, in particular). This is the kind of role that Indonesia played at the G20 Summit in Bali, and the role that analysts expect India to play at the next G20 Summit in New Delhi on 9-10 September 2023.

In an op-ed that he contributed recently to the [Straits Times](#) in Singapore, Prime Minister Narendra Modi of India noted, “... we will encourage an honest conversation among the most powerful countries.” He also remarked, “Our G20 priorities will be

shaped in consultation with not just our G20 partners but also our fellow-travelers in the global South, whose views often go unheard.”

Hopefully, as the G-20 Chair in September, Modi will be able, with deft diplomacy, to facilitate a summit not only between the US and China, but also between the US and Russia to bring the war in Ukraine to an end. India has good relations with both the US and Russia.

An extra bonus would be delivered if the 2024 G20 Chair, Brazil, could carry the torch and firmly define a role for middle-income countries in global economic governance.

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