FRAGMENTED MULTILATERAL GOVERNANCE
Need for an inclusive agenda for the G20
Discussion Paper

Fragmented Multilateral Governance
Need for an inclusive agenda for the G20

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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AI</td>
<td>Artificial Intelligence</td>
</tr>
<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>BEPS</td>
<td>Base Erosion and Profit Sharing</td>
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<tr>
<td>BIMSTEC</td>
<td>Bay of Bengal Multi-Sectoral Technical and Economic Cooperation</td>
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<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China and South Africa</td>
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<td>CHOGM</td>
<td>Commonwealth Heads of Government Meeting</td>
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<td>DIE</td>
<td>German Development Institute</td>
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<tr>
<td>ECB</td>
<td>European Central Bank</td>
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<td>EPG</td>
<td>Eminent Persons Group</td>
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<td>FSB</td>
<td>Financial Stability Board</td>
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<td>FTAs</td>
<td>Free Trade Agreements</td>
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<td>G20</td>
<td>Group of Twenty</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>LDCs</td>
<td>Least Developed Countries</td>
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<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<tr>
<td>SAIIA</td>
<td>South African Institute of International Affairs</td>
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<tr>
<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<tr>
<td>UNSC</td>
<td>United Nations Security Council</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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While the global economic system has advanced in many ways, the reality is that the production system, international trade, regional connectivity and multilateral cooperation landscape have also changed dramatically. They will, without question, transform even further in the next few years. This has resulted in both positive and negative outcomes. It has given rise to nationalistic tendencies in some of the great powers and, at the same time, a voice to emerging powers, such as India.

The need is to make the global governance forums such as the G20 accustomed to a world where digital technologies are altering the way products, services, technologies and information are made, exchanged and consumed. The global governance system including the G20 needs to be upgraded to better reflect shifting people’s sentiments and desire to change the rules governing trade, investment, production and movements of capital and people (taken into account the new socio-economic standards and challenges).

The global multilateral governance platforms such as the G20 must be made fully inclusive — providing a level-playing field for developing countries and least developed countries.

Therefore, given these changing geopolitical and socio-economic developments, this Discussion Paper examines the relevance of the G20. It also attempts to address the question — how has it evolved in the past few years and how the Group can be made more inclusive in dealing with existing and future challenges to the global economy. For example, its response or the lack thereof at the time of unanticipated socio-economic crisis such as the COVID-19. It has put forward some recommendations, highlighting the importance of the G20 and the role that India can play in achieving specific policy goals during its presidency in 2022.
The annual gathering of the world’s most powerful leaders - the Group of Twenty (G20) Summit in India in 2022 — is expected to foster global cooperation in multiple fields. The official agenda is likely to include global trade, artificial intelligence (AI), health-sector cooperation, climate change, infrastructure financing and development aid. However, building a consensus on many of these issues and others will not be easy. That is primarily because:

- the global health turmoil in the form of COVID-19 pandemic has affected the current structure of global production, trade and supply chains;
- the increased instances of transactional policies of the United States of America and China towards each other and towards other countries are affecting existing bilateral trade and investment relations;
- new approaches/values to the system of global trade and investment reflect new sentiments as different countries rise in power and wish to have their values and voices reflected in governing their regimes; and
- a rise in the socio-economic status of emerging economies demands greater inclusivity.

However, the need for global cooperation to deal with emerging problems in the economy, health and environment is far greater today than in previous decades. That is primarily because conventional global institutions, whether it is the World Trade Organisation (WTO) or the World Health Organisation (WHO), have not taken sufficient actions in a time of crisis.

A major reason is that these organisations cannot act independently especially when there is a lack of political will on the part of their members. To make global institutions powerful, their member countries have to make commitments for global...
cooperation. Apart from that, recent spur in the debate on the national sovereignty of a nation has also affected the effectiveness of these international organisations in the past few years.

In this context, ‘unconventional’ and ‘informal’ premier forums like the G20 also have a supplementary role in some selected functional areas (such as finance or trade negotiations) to devise and steer a collective and global response to these crises. At the same time, there are questions about the purpose, nature and legitimacy of the G20. For example, its informality means that it cannot agree to anything binding or make rules and investigate as the WTO or the WHO can do.

However, it is also true that it can signal the will of its ‘representative’ countries to take a certain collective action voluntarily and use that signalling as an influence on other state actions, and also as an agenda-setter for other fora including multilateral organisations such as the WTO and WHO. For example, recently it was signalled at an extraordinary virtual meeting that there will be a fiscal stimulus commitment (Spisbah, 2020).³

In the past, the G20 has a track record of successful responses. For example, during the 2008-09 global financial crises, the G20 came into action as a crisis manager and devised an effective policy response on time. It was successful in doing so because of its informal nature as it can bypass bureaucratic hurdles and obligatory decision-making processes of some of the formal multilateral organisations.
Here, it is important to note that over the past few years, the emergence of many rising powers such as China, India, Turkey, Indonesia, Vietnam and Brazil have made the world multi-polar. France, Germany and Australia play strong roles as middle powers also. This is a result of their economic success and their active presence in respective sub-regions in geopolitics and geo-economics.

Although this has also led to an increase in geo-economic tensions between the great power (the US) and the rising powers — the ‘Thucydides Trap’. But, in the long-run, such tensions can be reduced with the help of informal regional groups like the G20. Proactive diplomacy and peer-pressure can deter war as it happened in most contentious cases of the 20th Century (JL, 2017).

It is also to note that at the global level, emerging powers such as India and China are increasingly voicing their global aspirations for playing a more influencing role in world politics and governance with the help of informal groups such as the G20, BRICS (another informal group of Brazil-India-China-Russia-South Africa) (Cooper and Thakur, 2018).

Now, given this backdrop, this section provided a brief overview of the G20 and some of the key challenges and responses (or the lack thereof) by the Group. The second section focusses on the question - why the G20 is relevant, particularly at a time when global multilateral cooperation and collective actions are more important than ever before.

The third section focuses on India’s role in the G20 and its potential agenda for the G20 Summit that will be held in 2022 in New Delhi. The fourth section highlights some of the challenges that the G20 is facing now. That is followed by the fifth and concluding section, which attempts to suggest some recommendations for achieving some of the specific policy goals.
Since its inception on September 26, 1999, the G20 Summit has become an integral feature of global governance comprising head of states from all major regions of the world - North America, South America, East Asia, the Middle East, South Asia, Europe, Australia and Africa. The G20 has no permanent office or secretariat. Meetings are coordinated by working groups and its preparatory process is arranged by a ‘Troika’ (the previous host country, the current host country and the subsequent host country).

The host country is chosen on a rotational basis from among its members and 19 member countries are divided into five groups of maximum four countries. For example, Group-1: Australia, Canada, Saudi Arabia and the US; Group-2: India, Russia, South Korea and Turkey; Group-3: Argentina, Brazil and Mexico; Group-4: France, Germany, Italy and the UK; Group-5: China, Indonesia, Japan and the Republic of Korea (Alexander et al, 2016).

This plurilateral (as a set of mini-laterals or poly-laterals) consultation approach adopts an informal medium. Its main objective is described in its First Communique as:

“... to provide a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the discussions on key economic and financial policy issues among systematically significant economies and promote cooperation to achieve stable and sustainable world economic growth that benefits all” (G-20 Communique, 1999).

However, some countries that are not part of this Group are sceptical about it due to its informal nature and see the United Nations (UN) as an apex global governance system. There are also serious questions about the legitimacy of the G20 more specifically due to its limited representativeness and over-representation by the European countries. For example, out of 20 member seats in G20, Europeans have five seats – the EU, France, Germany, Italy and the UK, leaving only 15 seats for other regions/countries.

Some countries that deserve to be part of the Group are left out without any valid reason. For example, Thailand, despite having a larger gross domestic product (GDP) than Argentina, is not a part of the Group.\(^6\)

A general perception among common people and relevant stakeholders about the functioning of the G20 is also not very positive.
A general perception (including but not limited to the issue of transparency, dominance by the force of capitalism and neglect of socio-economic issues) among common people and relevant stakeholders about the functioning of the G20 is also not very positive. For example, the 2017 Summit that happened in Germany witnessed widespread public protests highlighting that there are not only dissatisfaction with the actions of the G20 but also there is a lack of understanding. For example, Julia Kulik cited in Maham Abedi (2017) argues:

"...that behind door meetings, big-bank bailouts, and decision making by twenty-people are not very pleasing to the general public."

However, this does mean that the G20 has failed in every aspect. It has been effective in coordinating with international economic organisations and asking them to do specific tasks. For example, requesting the International Monetary Fund to conduct a special analysis of an emerging economic or financial issue. Apart from this, the following are some of the reasons that make the G20 relevant and effective in a contemporary environment.

**Response to finance-related matters**

The core of the G20 remains the finance and finance-related activities as major decisions are taken in ‘Finance Track’ (meetings of finance ministers and central bank governors where the focus is...
The G20 is praised for its role in providing a political momentum for the Basel 3 Agreement — an international regulatory framework and standards for banks (Lombardi, 2010).

Here, it is important to note that an economic agreement of a global nature takes years and even decades of negotiations and lobbying as has been seen in the case of the Doha Round of negotiations of the WTO. Similar credit should be given to the G20 for avoiding a global currency war. The G20 member countries have repeatedly (in 2010, 2013 and again in 2016) pledged to avert a currency war and refrained themselves from the ‘beggar-thy-neighbour’ manipulative policy of competitive devaluations and sticking to market-determined exchange rates.

Multi-disciplinary stakeholder’s engagement

This does not mean that the focus of the G20 is only on finance-related matters. In fact, over the years, its focus has shifted to several varied topics. For example, marine litter, girls empowerment among various other things. These non-financial issues are discussed in other tracks such as the Sherpa Track that focuses on non-economic and non-financial issues including food security, anti-corruption and development (MEA, Govt. of India, 2012), and other engagement groups that comprise various stakeholders and are independent of governments.

They are the B20 for the business community, the L20 for labour unions, the T20 for think-tanks, the Y20 for youth, the W20 for women, the C20 for civil societies, the U20 for urban cities, the S20 for scientists (Alexander and
Loschmann, 2016); (MOFA, Japan, 2019). Issues related to the global pandemic was also in the Group’s agenda since 2005. That could be a reason why it is now responding swiftly to the COVID-19 pandemic. Early discussion on critical matters helped the Group to arrive at a consensus at the time of the actual problem.

Complementary decisions
Regarding its early response to the COVID-19 pandemic, the Group organised virtual meetings and supported a time-bound suspension of debt service payments of several low-income countries until the end of 2020 (g20.org, 2020a). There are many other economic commitments and decisions to tackle the pandemic and to help highly vulnerable countries. They are in addition to the efforts made by individual member countries. Thus, it can be argued that though the G20 cannot substitute national governments’ economic decisions, it can considerably help in its search for a collective economic solution and/or in a way can complement their economic decisions (Pisani-Ferry, 2016); (Global Times, 2016).

Diversified agenda
It is normal for a summit host country to put its efforts into shaping the agenda that resonates with its experience, problems, expectations and geo-political and geo-economic situations of a particular region/sub-region. For example, in 2010, South Korea during the Seoul Summit forwarded its plan for a global financial safety net to counter capital flow volatility (Alexandroff, 2010). This was undoubtedly based on East Asian countries’ experience of the financial crisis of 1997. Thus, the rotation of the presidency to different regions can bring forward the particular needs of a region/sub-region.

G20 cannot substitute national governments’ economic decisions, it can considerably help in its search for a collective economic solution and/or in a way can complement their economic decisions.
Informal diplomacy

The G20 is led by personal expertise, close personal networks, individual trust and a common perception of key policy challenges of political leaders, diplomats and their advisors. This, in turn, diffuses tensions and possible skirmishes of geo-political and geo-economic nature in a more informal manner. That is why informal diplomacy is considered an advantage in the G20 process in comparison to the formal negotiation process of other multilateral organisations where complex rules and protocols need to be followed.

Spisbah (2020) also argues that apart from informality, the size of the G20 helps it to achieve small but quick success in financial matters. For example, having only 20 plus entities makes it a more agile body than 164 members in the case of the WTO or 194 members in the case of WHO.

Global governance reforms

The Group also focuses on the issue of governance reforms of multilateral organisations. In May 2017, under the leadership of the Deputy Prime Minister of Singapore, Tharman Shanmugaratnam, the Group formed an Eminent Persons Group (EPG) on Global Financial Governance. This EPG gave its recommendations in 2018 under the theme ‘Making the Global Financial System Work for All’ (Global Financial Governance, 2018). They also highlighted the need to review the governance of multilateral organisations and their effectiveness in supporting the ‘2030 Agenda for Sustainable Development’.

Despite this, necessary governance reforms of international development and economic organisations are still pending. That is primarily because the existing system of governance, mainly in the Bretton Woods institutions, is highly problematic due to an uneven quota system, unequal voting shares and groups within groups and any attempt to change their status quo is thwarted by current seat holders.

However, and as mentioned above, from the perspective of the swift outcome on priority issues, such as finance, the informal approach of the Group has shown considerable signs of success on several occasions. This gives confidence to developing countries to show their presence at a global stage, which is almost impossible at a UN platform without a permanent seat in the Security Council or the executive board of the Bretton Woods institutions.
India is a developing country as well as an emerging power. Thus, the G20 as a global forum provides it with a unique platform where it has equal standing to developed countries and with great powers. At the G20 Summits, India can easily demonstrate its traditional knowledge, expertise, specialisation, economic clout and diplomatic skills. So far, India has not been considered as a rule-maker at global forums. In the long-run, if India wants to be a rising power then it needs to demonstrate that it can be a part of the leadership governing the global order, which so far has been driven by the US and Europe.

In 2022, during its 75th anniversary of independence from the British colonial rule, India will be hosting the G20 presidency. A host country always gets a special influence over the agenda-setting of that particular year of presidency. So far, South Korea, China and Japan have showcased their administrative ability and leadership skills in Asia.

Saudi Arabia is expected to showcase its economic, political and diplomatic clout in this year’s G20 Summit in Riyadh in November. Similar to the South Korean G20 Summit, which is widely known for ‘Seoul Development Consensus’, India also has a very good chance in 2022 to present an inclusive agenda highlighting common but differential socio-economic needs of countries in the Bay of Bengal region.

Intellectual and political discussions on foreign policy matters in India are often limited to bilateral relations of the country with Pakistan, China and the US or on matters related to the WTO. A focus on other international issues or multilateral organisations is rare. For example, there is hardly any mention of the reform of the Bretton Woods institutions by any political party though few think-tanks and select scholars occasionally focus on it.

In 2022, India has a very good chance to shift the focus on reforming the Bretton Woods institutions. These were established at a time when India was under British colonial rule though it is a founding member. A sequenced and inclusive agenda based on intense discussions on select issues such as the following is needed:

• enhancement of the legitimacy of the Bretton Woods
institutions by reforming the quota structure, voting structure and making them more representative;

• the necessity of new rules to deal with under-valued exchange rates

• strengthening the capacity of multilateral organisations to respond to a sudden socio-economic crisis like the COVID-19 pandemic; and

• measures for short-term crisis management.

The G20 Summit presidency is also a chance for India to prove that it is logistically advanced. The G20 Summit involves hundreds of seminars, conferences, mini-ministerial meetings and high-level ministerial meetings that are attended by hundreds of diplomats, subject experts and global leaders (such as finance minister, external affairs minister and prime ministers) throughout the year on some subjects.

Global media will be covering all such pre and post-Summit meetings. The G20 Sherpa in coordination with the foreign ministry undertakes the secretarial work for the G20 Summit. Other key ministries and government departments such as commerce, agriculture and central bank are also engaged in the preparatory work. This requires vast logistical arrangements and coordination along with intellectual finesse.

This is why India will be required to engage like-minded business chambers, think-tanks, universities and subject experts from different sectors as there will be hundreds of sub-forums and intellectual discussions. India has successfully organised the Commonwealth Heads of Government Meeting (CHOGM) in 1983, the BRICS Summit in 2016, SAARC (South Asian Association for Regional Cooperation) Summits in 1986, 1995 and 2007, the BIMSTEC (Bay
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of Bengal Multi-Sectoral Technical and Economic Cooperation) Summit in 2008, the Global Entrepreneurship Summit in 2017 and several other events of global nature.

Over the years, India has developed a sophisticated infrastructure for large scale events but clubbing all the secretarial work, managing the logistics and simultaneously leading intellectual discussions will be highly challenging as most of the bureaucrats in India have a limited posting period and engaged in day-to-day business operations (Mathur, 2019).

On the issue of sustainable development, India also has a good opportunity to prepare an inclusive agenda different from other development agendas adopted until now. For example, the Chinese agenda on ‘Sustainable Development Sectors’ or the G20 Action Plan on the ‘2030 Agenda for Sustainable Development’ did not adequately represent issues related to human rights violations, environment problems and lack of democratic transparency and accountability (Kirton, 2015); (Sengupta, 2018). Such an inclusive agenda will directly contribute to India’s commitments for Sustainable Development Goals, more specifically, SDG-13 (Climate Action) and SDG-16 (Just, Peaceful and Inclusive Societies).

So far, India’s attempts to make changes in the system of global governance have not achieved intended success, primarily due to the absence of a clear agenda. For example, despite India’s participation in the G20 Summits since its inception, it is yet to position itself as one of the main actors. The Summits are still dominated by the EU, China and the US. Many bilateral side events by these countries make ways for various bilateral deals for them and India’s potential gains remained untapped. Although, during its presidency, India will face the challenge of not allowing the other

In 2022, India has a very good chance to shift the focus on reforming the Bretton Woods institutions
members to supersede their bilateral agendas over the multilateral agenda or India’s agenda, yet it is an opportunity for India to handle such complex situations diplomatically (Mishra, 2019).

India has been doing this through the use of the ‘soft power’ approach in its foreign trade policy towards its neighbors and other countries in Asia for the past few years.11 For example, India has concluded many free trade agreements (FTAs) with Asian countries, such as with Sri Lanka in 1999, South Korea in 2009, the Association of Southeast Asian Nations (ASEAN) in 2010 and Japan in 2011 (DGFT, 2020). Have they helped achieve expected geopolitical and geo-economic gains for India?

In this context, it is to be noted that the G20 is best suited for demonstrating a country’s economic and military clout, personalised diplomacy and leadership, and regional and global importance in world politics. This is particularly important at a time when traditional leadership roles, which the US and the EU have played in global geopolitics and more specifically in multilateral organisations have been challenged throughout events. For example, the US has receded to a transactional approach for bilateral economic relations. Following the Brexit, the clout of the EU is under question. Thus, the leadership vacuum in global and regional organisations and platforms such as at the G20 is an opportunity for India, which has always been a major proponent of ‘rules-based relations’ (Sidhu et al, 2013).

Over the past few years, India has asserted its desire to strengthen the multilateral organisations, claiming a permanent seat at the United Nations Security Council and supporting new regional organisations, such as the Shanghai Cooperation Organization, the Asian Infrastructure Investment Bank (AIIB). This is also due to India’s approach to view multilateral organisations and global platforms as footsteps to lead the world (Narlikar, 2017); (Destradi and Plagemann, 2019).

However, the G20 setting is different from many other regional groups in the sense that it has also taken into account geopolitical developments. For example, the 2016 G20 Communique stressed on the issue of refugee and terror funding.12 If we compare the BRICS with the G20, the former specifically mentioned the Islamic State in Iraq and the Levant, Jabhat al-Nusra in Syria and terror activities in Afghanistan but failed to mention increased cross-border terrorism from Pakistan sponsored groups although the Summit happened in Goa, India (Cooper, 2017).13 Thus, the G20 Summit can give a room for India to raise such issues in future G20 Summits.

Here it is important to note that individual countries were targeted in previous G20 Summits. For example, Russia was slammed for its actions in Ukraine and sidelined...
in the Brisbane Summit of 2014. Thus, in 2022, India can formally place those geopolitical issues in the agenda that have not been put forward at other regional or global platforms. Saran (2020) has argued that how India will take advantage of its non-permanent UNSC seat during 2021-22 to influence the agenda of the Group during its presidency will be a test.

Another major challenge for India is that its record is not very promising in sustaining regional cooperation and integration efforts. For example, the regional cooperation process in SAARC is stuck, primarily due to anonymity in bilateral relations between India and Pakistan relations. The regional cooperation process in BIMSTEC has not achieved any significant progress except declarations. This is primarily due to India’s struggle to make a balance between its domestic political interests and regional geopolitical aspirations that are sometimes contradictory (Raghavan, 2013).

For example, Bangladesh was expecting a friendly gesture from India on the issue of the Rohingya migrant crisis, which could have strengthened India’s place in sub-regional geopolitics. However, due to domestic political issues, the Indian Government refrained from providing adequate support to Bangladesh for the settlement and/or livelihood of Rohingya migrants. However, Spisbah (2020) has argued that the world would not criticise India’s international interactions due to the performance of SAARC and BIMSTEC.
Challenges faced by the G20

Although at the global level the G20 has emerged as an actor from a mere process, yet it is not far from criticism. Its success has been argued as discriminatory and inconsistent on socio-economic and security issues where dissection among member countries is very high (Kirton, 2013; 2014). For example, on the issue of Ukraine or the Sino-American trade war, the rift between members was visible and no concrete outcome was achieved. The following are some critical challenges that the Group is facing at the moment.

Over the past few years, the G20 Summits have given too much attention to the reform of global institutions, whether it is the Bretton Woods institutions or the UN system while specific issues that could have been debated with little more serious planning remained neglected. Apart from making recommendations and detailed studies on proposed reforms, the reform process of global governance institutions remains unattended. The specific problem of developing countries and LDCs such as rising unemployment, socio-economic inequalities, absence of inclusive and jobless economic growth, health safety, food security, infrastructure development, anti-corruption and developmental disparities not only within countries but also between countries remained on margin.

For example, the 2019 G20 Summit in Japan did not result in any significant achievement for the member countries. Thus, it is necessary that the member countries of the Group make time-bound commitments for the reform of global governance institutions and resolve other socio-economic issues.

Annual talk show

In the future, a major challenge for the Group will be how not to turn the Summits into formal talk shows? How to address the pressure of main actors and deal with the emerging issues that can make positive spiralling effects on other issues such as trade negotiations that can lead to solving other socio-economic challenges such as infrastructure, epidemics and funding for climate change issues, is a critical question. At the same time, the Group has to deal with the problem of what to discuss and what not to discuss at a particular Summit and that will be the test of the Presidency as well.
For example, the future G20 Summits in Saudi Arabia, Italy and India will surely have discussions on the COVID-19 pandemic and its long-term macro-economic effects and on geopolitical challenges that have emerged in the Indo-Pacific region. In the absence of a drafted Summit agenda, countries will keep looking at other options and the G20 Summits may end abruptly.

Contradiction with other groups

Rising geopolitical tensions around the world have made an impact on the functioning of the Group. That it is being viewed as a replacement or superseding the G7 or with the existing institutions under the UN framework is a cause of concern. And, these rising geopolitical agendas in the Group can hamper its deliberations on issues of economic growth, finance, development and infrastructure (Linn, 2018).

Similarly, other institutions such as ASEAN, BRICS, BIMSTEC have initiated discussions on several subjects that are also part of the G20 agenda. Thus, overlapping membership of many countries restricts their ability to effectively raise their points at the G20 level. Although some regional groups such as ASEAN and multilateral organisations such as the World Bank Group are invited as guests, this list of observers should be expanded to include some other relevant regional/sub-regional groups so that there is less probability for contradictions on key issues.

Changing interest of actors

Despite being a traditional leader at the G20 Summits, over the past few years, the US is being perceived as an outsider and isolated as the Group is also being termed as G19+1 (Tran, 2019). This is mainly because of the current US administration’s hawkish approach to foreign policy matters, abandoning its traditional allies and adoption of the ‘America First’ approach (Drezner, 2017).

Although, actors change their interest and preference from time
to time such a dramatic shift in foreign policy makes it hard to continue negotiations and predict the behaviors of members. In the end, it results in more chaos on key issues and even some time members become reluctant to propose something new. Since the G20 is all about informality, the changed perspectives of diplomats and negotiators need to be synced with its agenda.

Absence of secretariat and knowledge institution

The G20 does not have a permanent working secretariat and a fixed pool of experts. Thus, a continuous discourse on debatable issues of contemporary importance is not analysed and discussed adequately. There have been multiple demands to have a permanent or working office. For example, in 2010, the then French President Nicholas Sarkozy had advocated for the need to establish a secretariat (Euractiv, 2010), although his earlier plan included a 'non-secretariat' (Carin, 2011).

However, it is also feared that the creation of a permanent secretariat will obsolete or diminish the role of some of the existing bodies such as the Organisation for Economic Cooperation and Development. The G20 itself has repeatedly denied the need for establishing a permanent secretariat (Wauters and Kerskhoven, 2011). But a permanent pool of experts and negotiators is highly required to continue the discourse on analytical and diplomatic work, especially after the conclusion of a summit. Infrastructure issues faced by the Group also pose serious problems to the functioning of its sub-forums such as the continuity of C20 or L20.
The rise of the G20 has changed the thinking about contemporary global governance, providing a more legitimate and inclusive platform than the G7, G8, or BRICS. Thus, it has been described as a hub for global multilateral governance for a globalised but inter-connected world. Although India has not been able to insert individual interest to influence the agenda of the G20 summits in the past, it has the capacity and opportunity to do it now. It is expected to exercise its increasing geo-economic clout in upcoming and future summits in Saudi Arabia (2020), Italy (2021), and on its soil in 2022.

The G20, based on an informal relations approach, is continuing with its heritage. It is a boon as well as a virtue. It has facilitated cooperation between like-minded leaders from great and emerging powers; it induced a consensual approach to negotiations and allowed inter-personal interactions between diplomats and the head of states. Some call it a ‘club of the elite’, while some others prefer it as a network for global economic relations.

Whatever one calls it, the success will be measured by to what extent it can bring more attention to the changing socio-economic needs of developing countries and LDCs. The Group can play a vital role in addressing the socio-economic impacts of economic crises through their knowledge and experience sharing.

Realising the full potential of the G20 will take smart, strategic leadership from India as its president in 2022. If India as a host provides good leadership then in the longer term the G20 can meet the growing challenges of an interconnected world. Otherwise, the G20 will gradually fade away with its extensive utility but general agenda, leaving the old G7 of great powers to continue as a permanent, principal group for economic cooperation. Thus, in 2022, India and the G20 need to come up with a concrete Communiqué that does not read like a cliché. India can drive a positive agenda for shaping the future of multilateralism through the G20 as a vehicle.

Due to dynamic and sudden changes in geopolitics of the Arab world and that in the Indo-Pacific region, increasing nationalism, Brexit, COVID-19 pandemic and inherent differences in the political and economic agendas of the main actors of global governance, there

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is a high possibility that issues related to global public goods/cause remain neglected in the future as well. In such a situation, specific informal groups, such as the G20 present a good opportunity to raise and counter some of them.

Therefore, the following recommendations are suggested to make India's presidency more inclusive and for further improvement in the functioning of the G20.

**Inclusivity for a multidisciplinary approach**

Over the past few years, fake news and misleading critic including the absence of proper information has led to a rise in nationalism and a decline in the spirit of multilateralism. At the G20 Summit in 2022, India needs to reinvigorate this spirit by stressing that global challenges such as the COVID-19 pandemic, climate change and financial crisis cannot be tackled by a single country. Multilateral organisations are better equipped with a significant pool of expertise and can build partnerships through coordinated consultations.

Transparency, consultation, and an inclusive approach should be the cornerstones for the success of any summit or negotiation. Thus, the agenda-setting for the G20 Summit in 2022 will require regular and meaningful interaction by the government with all relevant stakeholders, more specifically with the civil society, think-tanks, subject experts, media, and business and industry associations that are working on key issues that have been discussed in previous Summits. This will help in understanding what went wrong and what can work best in 2022 and beyond.

**Improvement in performance**

The G20 should not only look at immediate and contentious issues but should also prepare a long-term vision with goals,
identification of pathways and systematic strategy to achieve them. This will include leveraging existing financial resources, preparing models for further funding, optimising complementarities, engaging the private sector and the civil society, image makeover in public and pursuing prudent options for developing countries, LDCs and for the different regions/sub-regions in short, medium and long-term.

A starting point can be similar to the terms of reference of the Eminent Persons Group (EPG) on financial governance. Another EPG can be set-up to prepare a long-term roadmap and vision document for the G20. After consulting with members, potential new members and relevant multilateral organisations, this EPG can suggest pathways that can push the Group towards sustainability and improvement in performance.

Alternate leadership
The current US administration is receding from multilateral organisations, such as the WHO, WTO, the Paris Agreement on Climate Change, the United Nations Educational, Scientific and Cultural Organization (UNESCO). It is not sure whether, when and how the future US administration will get its mojo back as far as its leadership role to multilateral governance is concerned.

Thus, it is the right time that other emerging powers such as India should make a serious collective effort to reform, adapt and update the role, functioning and agenda of multilateral organisations, particularly those dealing with the governance of global public goods. India has that chance during its G20 presidency in 2022 given its increasing economic success and regional clout in the Indo-Pacific region.

Prioritise specific issue for the summits
The G20 should prioritise each summit on pre-selected specific issues and discussions on other issues should be held simultaneously in other sub-forums. A particular summit must conclude by resolving pre-identified specific issues. This will require some preparatory meetings and mini-ministerial discussions all year round. The role of diplomats and subject experts becomes crucial in it.

Prioritisation of issues should be based on:
• an explicit explanation and a connection with the core mission of the Group, particularly answering why it needs to be dealt with by them;
• how and to what extent the Group can contribute towards solving those issues; and
• how the progress will be monitored in the short, medium and long-term.

For example, India, during its presidency in 2022, can focus on easing the trade tensions, particularly those arising from non-tariff barriers and issues related to global value chains. Since there will
be some bilateral and trilateral meetings during the G20 Summit, India may propose a trilateral with the US and China on ‘international trade’. In the past, India had participated in trilateral meetings with Russia and China on trade, and with the US and Japan on maritime collaboration.

**Economic offences and terror financing**

India has been advocating for a co-ordinated policy approach towards economic offenders. For example, during the G20 Summit in 2019 in Japan, India emphasised on the need to focus on economic offences that one commit and flee from one country and take legal refuge in another country. This also poses a serious challenge to fight against terrorism. A coordinated approach at the G20 level in the form of a joint policy is required.

Similarly, to avoid the issue of tax erosion, the Base Erosion and Profit Sharing (BEPS) framework that was proposed earlier needs to be adopted and strengthened. Since electronic commerce, digital trade and the complex nature of GVCs involve multiple transactions and tax dilemmas, such a framework would help assessing the source of a suspicious or complicated activity or transaction.

Although there is the G20 anti-corruption action plan, it is too wide and sets no time limit on member countries to implement the United Nations Convention against Corruption or to make legislation for key issues surrounding terror financing, corruption and economic offences (for example, directives on whistleblower protection, among others). In this context, the current presidency host Saudi Arabia, next host Italy and 2022 host India can prepare a co-ordinated action plan.

**Technological advancement**

Since the benefits of modern technology (for example, the use of artificial intelligence and robotics) for social development are well known, poor countries are much behind in catching-up but they are the ones who will be benefited most. The Group needs to bind all member countries with a vision that benefits of the latest technologies, mainly new digital technologies that are widely available with minimum costs but with adequate data security.

Towards this end, a framework needs to be designed that can address uncertainties emanating from arbitrary rules and can help provide better access to those technologies in an economically equitable and socially just manner.

**Follow-up strategy and management**

A major issue with the G20 summits is that there is no follow-up strategy. This is primarily because there is no Secretariat and the role of a presidency is almost over by the conclusion of a summit after the release of a Communiqué or a Joint Statement. Whether members are implementing what they have adopted in a Communiqué or whether they are
having further discussions on the issues discussed is not very clear.

For example, every year, a Communiqué stresses on funding for issues related to climate change but in reality, whether they have made any significant progress in their respective national plan, programmes and budget is not reviewed. A time-bound follow-up strategy with measurable indicators needs to be adopted by the G20.

Infrastructure development for the Group to function more professionally (for example, the setting-up of a permanent office or secretariat) needs to be taken seriously. There are too many meetings in the Group but too little progress. Alternately, the Group can have a permanent executive branch and increase its administrative capacity. This can be a mixture of one to three diplomats and experts from the ‘Troika’ of previous, current and next presidency. They can have a fixed-term appointment and should be guided by an international civil servant.

In 2022, India should discuss this institutional set-up for the stability and sustainability of the Group. India needs to shed away from its image of a reluctant player. For example, India had been invited to G7 meetings but so far it has not shown much enthusiasm to become an intrinsic part of that body. Such a reluctant approach towards global forums of importance will not work for India in the long-run if it wants to position itself as a major player at the global stage.

**Speedy reforms of global financial institutions**

Despite forming an EPG on financial reforms, actual progress towards reforming the global financial institutions is very slow. The Bretton Woods institutions still lack representation from developing countries and LDCs. A starting point can be first reforming the IMF followed by reforms in other institutions. Fixing the existing system can be less problematic than making a new system and again fixing their new weaknesses. This will also help in mobilising more resources to allocate adequately at the time of crisis like the COVID-19 pandemic.

Also, there is a need for having a global regime for debt resolution. Several countries have faced socio-economic problems due to the debt resolution mechanism of the Bretton Woods institutions and some current initiatives on infrastructure development are forcing countries into a new debt trap.

**Outreach strategy**

The G20 should step-up its outreach efforts in a systematic and structured manner not only among non-member countries but also with the general public to increase its legitimacy and to spread a positive image. It can focus on those non-member countries that can offer valuable insights on specific issues. For example, the Caribbean experience in dealing with the danger of increasing sea-level or Venezuela’s experience of improving the health sector.

Similarly, an active advocacy campaign including that over social media is needed to generate awareness among the public about the functioning of the Group and the impact it can make on improving the governance of multilateral organisations. This would involve regular engagement with the civil society, media, parliamentarians, think-tanks and research institutions, academia and business associations.
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The G20 is an international forum of heads of states, finance ministers and central bank governors from the European Union (EU) and 19 individual countries. 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, UK, US and the EU. The EU is represented by the Presidents of the European Commission and the European Central Bank (ECB). The Managing Director of the International Monetary Fund (IMF) and Presidents of the World Bank, joint World Bank-IMF Development Committee and IMF’s Economic and Financial Committee also take part as ex-officio members. The G20 was formally established at the G7 (an informal group of 7 industrialised countries – Canada, France, Germany, Italy, Japan, the UK and US) finance minister’s meeting on September 26, 1999 in Germany with Canada as its first chair. It was established for global economic stability and to counter economic, political and health challenges of global nature, Source: (g20.org, 2020). Collectively, the members of G20 account for 89 per cent of global gross domestic product (GDP), 75 per cent of global trade, more than half of world’s poor and two-thirds of global population (OECD, 2020a).

The G20 leaders meet annually. Though, finance ministers, central bank governors and other ministers’ meets regularly. At a summit, a joint statement or declaration based on the discussions is issued. Its presidency rotates annually between member countries. The first official Summit was held in November 2008 in Washington, DC, US. This was followed by 2nd and 3rd Summits in the UK and US respectively in 2009, 4th and 5th Summits in Canada and Republic of Korea respectively in 2010, 6th Summit in France in 2011, 7th Summit in Mexico in 2012, 8th Summit in Russia in 2013, 9th Summit in Australia in 2014, 10th Summit in Turkey in 2015, 11th Summit in China in 2016, 12th Summit in Germany in 2017, 13th Summit in Argentina in 2018 and 14th Summit in Japan in 2019 (g20.org. 2020). Saudi Arabia will hold the 15th Summit in November 2020 in Riyadh. Italy will host 16th Summit in 2021, followed by India in New Delhi in 2022 as its 17th Presidency host during its 75th year of Independence (The Economic Times, 2018); (g20.org, 2019).

During an extraordinary virtual G20 Leaders’ Summit in March 2020, the member countries committed to inject US$5tn to restore global growth, market stability, strengthening resilience and to minimise the economic cost of the COVID-19 pandemic (g20, 2020).

The analogy of Thucydides Trap asserts that all rising powers threaten established powers and rivalry between them often ends in war. In his book Destined for War: Can America and China escape Thucydides’s Trap, American political scientist Graham Allison used this Greek metaphor. The Greek historian Thucydides had observed that the Pheloponnesian War (431BC-404BC) occurred because of the probability that the growth of a rising power Athens would challenge established power Sparta’s clout in the Mediterranean (Allison, 2017); (Allison, 2015); (Gries and Jing, 2019).

According to the World Bank Group, Thailand’s GDP in 2019 was US$543.65bn, while that of Argentina’s was US$449.66bn (World Bank, 2020)
During the 12th G20 Summit in Hamburg, Germany, which was held in July 2017, violent clashes erupted between anti-capitalist protesters, environmental demonstrators and local police. This was primarily due to – (a) US neglect towards climate change, (b) European leaders poor response towards refugee crisis and (c) against increasing nuclear armament of some of the G20 countries. This was not the first time when protests were held against G20 Summits, infect, public had a very negative image of G20 from the very beginning. For example, public protests led by NGOs, trade unions and environmental groups got very tensed in London, UK during the 2nd G20 Summit in late March and early April of 2009 also (Oltermann, 2017).

Since G20 presidency is given on the basis of rotation of groups, India’s turn to host the Summit was in 2021 but during the 2018 Summit in Argentina, Indian Prime Minister Narendra Modi requested the group to let India to host the Summit in 2022 instead of 2021 as that is the 75th year of its independence (The Economic Times, 2018).

See also, (Goyal, 2009); (Kathuria and Kukreja, 2019); (Kathuria and Nagpal, 2016); (RIS, 2020); (Gateway House, 2020).

Though India was a colony of Britain in 1944, it made an active participation under the leadership of Sir Jeremy Raisman (the then finance minister) and Sir Chintaman Dwarakanath Deshmukh (the then governor of Reserve Bank of India). Indian delegation had intense debates even with British representatives. India had a seat in the executive board until quotas were reformed later (Mattoo and Subramanian, 2008); (Mital, 2016).


See, 2016 Communique of G20, (G20 Leaders’ Communique: hangzhou Summit, 2016)

See, Goa Declaration at the 8th BRICS Summit in 2016, (MEA, Govt. of India 2016)

BEPS – domestic tax base erosion and profit shifting is an inclusive tax framework of 135 collaborative countries under the umbrella of OECD/G20 to end the tax avoidance strategies that some companies use after finding gaps in tax rules (OECD, 2020c).
Annexure A: GDP, Trade and FDI

Figure 1: GDP of G20 as a share of global GDP (in 2019)

Source: World Bank, 2020
Note: It is evident from the above-mentioned figure that the G20 as a group accounts for around 89 per cent of global GDP. Similarly, other G20 countries (non G7) account for a significant share of the pie highlighting their increased presence in the global economy.

Figure 2: GDP growth rate of G20 countries (in 2019)

Source: OECD, 2020b
Note: Data for India, Brazil and China are taken from (World Bank, 2020). Data for the EU includes all the 28 member countries. As evident from the above-mentioned figure that Argentina has been showing signs of the negative economic outlook, still it is a member of G20 which has been highlighted by several scholars as a major criticism of G20.
**Figure 3: Trade as a percentage of GDP (in 2019)**

![Trade as a percentage of GDP](image)

Source: World Bank, 2020

Note: Data for the EU includes all the 28 member countries.

**Figure 4: FDI flow as a percentage of GDP (in 2019)**

![FDI flow as a percentage of GDP](image)

Source: OCED, 2020

Note: Data for the EU includes all the 28 member countries.
### Annexure B: G20 Summits and Major Highlights

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Dates</th>
<th>Place</th>
<th>Country</th>
<th>Major highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>April 02, 2009</td>
<td>London</td>
<td>United Kingdom</td>
<td>Formation of the Financial Stability Board (FSB) to manage and observe improvements in regulatory reforms</td>
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<tr>
<td>3.</td>
<td>September 24-25, 2009</td>
<td>Pittsburg</td>
<td>United States</td>
<td>Making the G-20 as a “premier” informal forum for global economic cooperation</td>
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<tr>
<td>4.</td>
<td>June 26-27, 2010</td>
<td>Toronto</td>
<td>Canada</td>
<td>Fighting increasing trade protections and reform of global economic and financial institutions</td>
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<td>5.</td>
<td>November 11-12, 2010</td>
<td>Seoul</td>
<td>Republic of Korea</td>
<td>Organised first time in a non-G7 member country and emphasis on “Seoul Development Consensus”</td>
</tr>
<tr>
<td>6.</td>
<td>November 03-04, 2011</td>
<td>Cannes</td>
<td>France</td>
<td>Focus on anti-corruption, environment, sustainable development, volatility in global food prices, rising unemployment due to the Euro-zone debt crisis</td>
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<tr>
<td>8.</td>
<td>September 05-06, 2013</td>
<td>Saint Petersburg</td>
<td>Russia</td>
<td>Demand for making of foreign policy track in the G20 as there were discussions on chemical weapons attacks against Syrian civilians</td>
</tr>
<tr>
<td>9.</td>
<td>November 15-16, 2014</td>
<td>Brisbane</td>
<td>Australia</td>
<td>Russian President Vladimir Putin left the summit abruptly before its formal end as the EU, Japan, US, Australia and Canada imposed economic sanctions and freezing of assets of several entities and individuals of Russia due to its involvement in fueling the tensions in Eastern Ukraine</td>
</tr>
<tr>
<td>10.</td>
<td>November 15-16, 2015</td>
<td>Antalya</td>
<td>Turkey</td>
<td>Focus on 2 major areas: (i) counterterrorism efforts in the wake of the Paris terror attacks, and (ii) refugee crisis in Europe</td>
</tr>
<tr>
<td>11.</td>
<td>September 04-05, 2016</td>
<td>Hangzhou</td>
<td>China</td>
<td>Focus on 4-I: an innovative, invigorated, interconnected and inclusive world economy</td>
</tr>
<tr>
<td>12.</td>
<td>July 07-08, 2017</td>
<td>Hamburg</td>
<td>Germany</td>
<td>US President Donald Trump’s campaign of ‘America First’</td>
</tr>
<tr>
<td>13.</td>
<td>November 30-December 01, 2018</td>
<td>Buenos Aires</td>
<td>Argentina</td>
<td>Despite US withdrawal from Paris Climate Deal, other member countries reaffirmed their commitment to it</td>
</tr>
<tr>
<td>14.</td>
<td>June 28-29, 2019</td>
<td>Osaka</td>
<td>Japan</td>
<td>How to ease the US-China trade war?</td>
</tr>
<tr>
<td>15.</td>
<td>November 21-22, 2020</td>
<td>Riyadh</td>
<td>Saudi Arabia</td>
<td>With the theme “Realizing opportunities of the 21st Century for all” the focus will be on – empowering people (creation of the condition, in which all people, especially women and youth, can live, work, and thrive); safeguarding the planet (foster collective efforts to protect our commons) and shaping new frontiers (adopt long-term and bold strategies to utilise and share benefits of innovation)</td>
</tr>
<tr>
<td>16.</td>
<td>TBD 2021</td>
<td>Rome</td>
<td>Italy</td>
<td>——</td>
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<tr>
<td>17.</td>
<td>TBD 2022</td>
<td>New Delhi</td>
<td>India</td>
<td>——</td>
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Source: Compiled from various sources including (g20.org, 2020); Wintour and Doherty, 2014 and Nelson, 2019