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G20 or Group of 20

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Why is in news? G20 Summit in Delhi: Everything you need to know about the organisation, its working, processes

Leaders from the most powerful nations in the world will flock to New Delhi for the G20 Heads of State and Government Summit to be held on September 9-10.

The culmination of India's year-long presidency of the G20, the summit will be concluded with the adoption of a G20 Leaders' Declaration, which will state the participating leaders' commitment towards the priorities discussed and agreed upon during the respective ministerial and working group meetings (more on that later).

About G20:

The G20, or the Group of Twenty, **comprises 19 countries** (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) **and the European Union.**

These members represent around 85 per cent of the global GDP, over 75 per cent of global trade, and about two-thirds of the world population.

As a forum for international economic cooperation, it plays an important role in shaping and strengthening global architecture and governance on all major international economic issues.

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Major objectives:

- Policy coordination between its members in order to achieve global economic stability, sustainable growth;
- To promote financial regulations that reduce risks and prevent future financial crises; and
- To create a new international financial architecture.

Historical background:

The Soviet Union fell in 1991, bringing an end to the Cold War.

At the same time, vibrant economies were emerging in the Global South, in countries such as Brazil, China and India.

It was in this context that a **need for reform emerged in global governance and international institutions.**

Simply put, existing fora such as the G7, or international organisations such as the World Bank, were **incapable of handling crises in the emergent global order.**

In 1997, the **Asian financial crisis** ripped through some of the fastest-growing economies in East Asia. It soon spread to Latin America.

It was in the context of this crisis that the G22, G20’s earliest iteration, was set up in 1998.

It was in late 1999 that the G20, with its current composition, was finally founded as an **informal forum for Finance Ministers and Central Bank Governors** of its members to **meet annually**.

Between 1999 and 2008, the G20 operated mostly outside the public eye. While annual meetings were held, they were not the big deal they are today.

The global financial crisis of 2008 would, however, catapult G20 to its present status.

As the world reeled from the **greatest economic crisis** to hit since the Great Depression (1929-39), France, which held the EU presidency at the time, argued for an emergency summit meeting to address the crisis.

The G8 (comprising Canada, France, Germany, Italy, Japan, Russia, the UK and the US) was **not sufficiently influential** on its own to stabilise a crisis on this scale.

The **first G20 Leaders' Summit** (the 'Summit on Financial Markets and the World Economy') was convened in Washington DC in November 2008.

In addition to the leaders of its 20 members, the heads of the IMF, the World Bank and the United Nations were invited, along with Spain and the Netherlands. Annual summits have been held ever since.

Working of G20:

It is important to note that the G20 is an informal grouping. This means that unlike the United Nations (UN), **it does not have a permanent secretariat or staff**.

Rather, the **G20 presidency rotates annually** among the members and is responsible for bringing together the G20 agenda, organising its workings and hosting summits.

The presidency is supported by the **"troika" – previous, current and incoming presidencies**.

India holds the presidency from December 1, 2022, to November 30, 2023 with the troika comprising **Indonesia** (the previous presidency), **India, and Brazil** (the incoming presidency).

The G20 is also informal in another sense – while the decisions of the G20 are important, **they do not get implemented automatically**.

Rather, the G20 is a forum where leaders discuss various issues and make pronouncements, which signals their intentions. Then, they are **implemented by relevant nations or international organisations**.

For instance, if the G20 makes a pronouncement on trade, the actual implementation of the pronouncement will be done by an organisation such as the World Trade Organization (WTO).

As previously mentioned, **the presidency is responsible for setting the G20 agenda** for the year. This is done in consultation with other members as well as pertinent global developments.

The president also gets to host various meetings and the G20 Leaders' Summit, which is the culmination of all the work done by the group at lower levels through the year.

Structure of the G20:

The G20 works in **two major tracks - Finance Track and the Sherpa Track**.

FINANCE TRACK:

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It is headed by the **finance ministers and central bank governors**, who usually meet four times a year, it focuses on fiscal and monetary policy issues such as the global economy, infrastructure, financial regulation, financial inclusion, international financial architecture, and international taxation.

It currently has 8 working groups.

SHERPA TRACK:

Established after the inception of G20 Leaders' Summit in 2008, it is **headed by Sherpas**, who are the appointed representatives of the member countries' president/prime minister.

It focuses on socio-economic issues such as agriculture, anti-corruption, climate, digital economy, education, employment, energy, environment, health, tourism, trade, and investment.

It currently has 13 working groups.

ENGAGEMENT GROUPS:

The **unofficial track** comprises **non-government participants or civil society groups** from each member country dealing with a gamut of issues.

These groups draft recommendations to the G20 leaders that contribute to the policy-making process.

There are 11 Engagement Groups at the moment.

Theme of the G20 2023:

According to the official G20 website, this year's theme is "**Vasudhaiva Kutumbakam — One Earth, One Family, One Future**".

It is drawn from the **ancient Sanskrit text of the Maha Upanishad**.

"Essentially, the theme affirms the value of all life – human, animal, plant, and microorganisms – and their interconnectedness on the planet Earth and in the wider universe," it adds.

Further, the website says the theme also **spotlights LiFE (Lifestyle for Environment)**, "with its associated, environmentally sustainable and responsible choices, both at the level of individual lifestyles as well as national development, leading to globally transformative actions resulting in a cleaner, greener and bluer future."

2023 G20 logo:

The G20 Logo draws inspiration from the vibrant colours of India's national flag – saffron, white and green, and blue.

It juxtaposes planet Earth with the lotus, India's national flower that reflects growth amid challenges.

The Earth reflects India's pro-planet approach to life, one in perfect harmony with nature.

Prime Minister of India had said while introducing the logo, "The **symbol of the lotus** in the G20 logo is a **representation of hope** in this time. No matter how adverse the circumstances, the lotus still blooms. Even if the world is in a deep crisis, we can still progress and make the world a better place."

The **seven petals of the lotus** in the logo are also significant. They represent the **seven continents**.

Invitees:

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In addition to the member countries, each year, the G20 president invites guest countries to participate in the G20 meetings and the Summit.

This year, India has invited Bangladesh, Egypt, Mauritius, the Netherlands, Nigeria, Oman, Singapore, Spain and UAE as guest countries during its G20 presidency.

And also invites certain **International Organisations** (IOs) like International Solar Alliance (ISA), the Coalition of Disaster Resilient Infrastructure (CDRI) and the Asian Development Bank (ADB) and **several Regional Organisations (ROs)** like the African Union (AU), the African Union Development Agency-New Partnership for Africa's Development (AUDA-NEPAD) and the Association of Southeast Asian Nations (ASEAN).

IOs and ROs are important for the G20 to achieve its **aims of furthering international cooperation** and implementing any pronouncements made by the group.

As mentioned previously, the G20 itself is an informal grouping, in the sense that it **does not have any direct power to govern or implement any pronouncements** made.

Rather, it depends on its members and IOs to do that. This is why it is crucial to involve IOs in the workings of the G20.

For instance, one of the areas India's G20 presidency has emphasised upon has been health. An organisation such as the WHO is crucial in this regard, as decisions made in the G20 can be implemented and carried forward by it.

Similarly, ROs being a part of the G20 helps further the group's reach to countries which otherwise might not be members but who remain crucial to the G20's agenda nonetheless.

For instance, ASEAN as an RO can represent interests of all its member countries including the likes of Philippines and Thailand which are not otherwise a part of the G20.

Significance of India's G20 Presidency:

India's growing economic influence: As the fastest-growing large economy, India's role in the G20 is critical, and its presidency will help it further strengthen its economic ties with other G20 members.

India's leadership on climate change: India has been a strong advocate for climate action. As the world grapples with the challenge of climate change, India's presidency can help set the tone for global cooperation on this issue.

India's focus on inclusive growth: By prioritising inclusive growth, India's presidency will focus on issues such as infrastructure development, job creation, and women's empowerment.

India's strategic importance: The presidency of the G20 will provide a platform for India to engage with other major powers, including the United States, China, and Russia, on issues of global importance.

Becoming the voice of Global South: By holding the meeting of the Global South countries along with G20 meetings, India has become the voice of the erstwhile sidelined Global South.

India's role in quality healthcare: India has played a leading role in ensuring that developing and low-income countries have access to vaccines, financing, and other resources they need to recover from the pandemic. Thus, India can ensure universal, quality, and affordable health services.