The G20: a quick guide

Tarek Dale
Economic Section

This is a quick guide to basic information about the G20, as well as links to useful summary resources. The G20 background section includes the G20's history, its members, the hosting system and G20 meeting processes, as well as a brief discussion of selected policy areas. Material on Australia and the G20 includes Australia’s involvement in the G20, Australia’s G20 goals for 2014 and speeches and press releases on the G20. A short list of links provides access to more resources on the G20.

G20 background

History
At the 1999 G7 meeting in Washington, following the 1997 Asian financial crisis, finance ministers and central bank governors from the Group of Seven (G7) proposed the establishment of a new mechanism for dialogue. The G7 finance ministers and central bank governors stated:

[W]e propose to establish a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system, to broaden the dialogue on key economic and financial policy issues among systemically significant economies and promote cooperation to achieve stable and sustainable world economic growth that benefits all ... Accordingly, in December in Berlin, we will invite our counterparts from a number of systemically important countries from regions around the world to launch this new group.

The new, expanded group was called the G20. A key feature of this new model was to be the improved communication between advanced and emerging economies (The Group of Twenty: A history, 2008). Finance ministers from the G20 member nations met for the first time in December 1999 - this was the first of a series of annual summits of G20 finance ministers and central bank governors, including a meeting in Melbourne in 2006.

In November 2008 G20 national leaders met for the first time in Washington to discuss a response to the global financial crisis. This was the first of what subsequently became annual G20 leaders’ summits, and was described at the time as a 'global governance breakthrough'.

G20 member nations and work with international organisations
The G20 members are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union. Together they comprise ‘around 85 per cent of global gross domestic product, over 75 per cent of global trade, and two thirds of the world’s population’.

Membership of the G20 differs in some ways from some earlier international forums such as the G22 (which did not include Saudi Arabia or Turkey) and is smaller than the former G33. Canada’s then finance minister Paul Martin (and later Prime Minister), a key figure in the creation of the G20 finance ministers’ meeting, stated in 2001 ‘we wanted the emerging economies, because that’s where the problems were liable to arise. And also they were the bigger countries ... Other countries were actually chosen because of also their regional capacity’.
press release announcing the creation of the G20 stated simply that ‘The G20 will be a forum for informal dialogue among a group of countries representing both developed and emerging economies from every region of the globe … the membership will include all G-7 countries plus several key emerging markets’. Although economic size and regional significance were important factors, there were different lists of potential members, likely reflecting the diplomatic complexities of international summits.

In addition to the permanent G20 members, there are usually five ‘guest’ nations at G20 summits: Spain is a ‘permanent invitee’ and in 2014 Australia has also invited Burma, Senegal, Singapore and New Zealand. Invitations have previously been used as a way of addressing concerns that the G20 is unrepresentative.

A number of international organisations provide input into the G20 process, including the Financial Stability Board, the International Labour Organisation, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development, the United Nations, the World Bank, and the World Trade Organisation.

Hosting and the secretariat

There is no permanent secretariat for the G20. The G20 typically meets annually (although twice in 2009 and 2010). Host countries are responsible for the administrative and organisational aspects of the meeting, and most importantly, the ‘agenda for the summit is set by the host country’, although this takes place ‘in consultation with G20 members and others’. For this reason, hosting the G20 (being chair or president) is a significant opportunity.

In the 2011 Cannes summit final declaration, the G20 leaders agreed that after Turkey’s presidency in 2015, ‘annual presidencies … will be chosen from rotating regional groups’. This means that in a given year the president will be one of three or four countries in a ‘regional group’, with the presidency rotating to a member from a different group the next year. In 2016 the host is expected to come from the group comprising China, Indonesia, Japan and Korea (which previously hosted in 2010).

Hosting groups

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<th>1 (expected to host in 2016)</th>
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<td>China</td>
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Source: Annex 10, Cannes Summit Final Declaration, Ministry of Foreign Affairs Japan.

The previous, current, and future hosts together comprise a ‘troika’, to help ensure continuity. In Australia’s case this is Russia, Australia, and Turkey (which will host in 2015).

How does the G20 work?

The G20 process is complex and varies from year to year. A central part of the process is the leaders’ communiqué, issued after each summit. This is a public statement made by the leaders, and as well as general statements may contain commitments to specific policies at a national level and future actions that G20 member nations will take.

Australia’s leaders’ summit will be held on 15-16 November 2014 in Brisbane. The G20 calendar lists a number of events throughout the year, building towards the summit and leaders’ communiqué.

- Finance ministers and central bank governors will meet several times throughout the year (their first meeting is on 22-23 February). Although other meetings are held at the ministerial level (for example, trade ministers will meet in July), finance ministers and central bank governors hold a central role, reflecting the G20’s origins and focus on economic issues.
- Sherpas are key senior officials who provide a central coordinating point, as well as supporting leaders in working towards the annual summit. There are four Sherpa meetings in the lead-up to the summit and a number of other events in which Sherpas will be involved.
• Finance deputies are senior officials who provide support to finance ministers throughout the G20 process. They are currently scheduled to meet six times in 2014.

In addition, a large number of non-government organisations will meet through the year. Among them are the B20 (to enable business to provide input to decision makers), C20 (representatives of civil society), L20 (representing labour movements), a Q20 (Queensland business and community leaders), and a Y20 (representing youth). In addition the Lowy Institute will organise a ‘Think 20’ (T20), and media coverage suggests that protest groups may organise in a Brisbane Community Action Network G20 (BrisCAN-G20).

Highlights from the G20’s policy agenda
The G20’s policy agenda is broad and has varied over time. A small number of items are discussed very briefly below; more detailed information is available from other sources.

Fiscal stimulus following the GFC
At the 2009 London Summit, leaders agreed to a combined $5 trillion stimulus, building on earlier IMF analysis that a strong fiscal response was an appropriate response to the crisis.

The International Monetary Fund
At the 2009 London summit, G20 leaders committed to expanding the IMF’s capacity. Reform of the IMF was one of the major agreements in the 2010 summit, and was recognised as a significant reform. However the relevant legislation has not been passed by the US Congress and the proposal has therefore not been implemented.

Regulating the financial sector
Financial regulatory reform has been a central focus for the G20 since the first leaders’ summit and significant work is underway through the Financial Stability Board, the Basel Committee on Banking Supervision, the IMF and other organisations. Key areas include:

• Prudential regulatory standards: This involves requirements such as the Basel III capital requirements for banks. A range of new regulations are being developed, standardised and applied internationally as part of this work.

• Systemically important financial institutions and banks: 29 systemically important banks have been identified, and a capital requirements framework developed. Additional work is underway in relation to other systemically important financial institutions.

• Improved regulation of over-the-counter derivatives: Regulations are being developed and introduced, to reduce the risk posed by derivatives and derivatives clearing houses.

• Reducing the risk from the shadow banking sector: In 2013, leaders agreed in St Petersburg on a G20 Roadmap towards strengthened oversight and regulation of shadow banking.

An additional aspect of this work has been the strengthening of the Financial Stability Board, an international coordinating agency for national financial regulators.

Trade and protectionist measures
At the initial Washington summit in 2008, G20 leaders emphasised the importance of trade, and committed to not introducing protectionist measures. Although the anti-protectionist commitments have been extended until 2016, one of the World Trade Organisation’s subsequent assessments released in December 2013 showed that ‘most G-20 members continue to put in place trade restrictive measures. The trend in the imposition of restrictions is upwards … Only around 20% of the total number of trade-restrictive measures taken since October 2008 has so far been eliminated.’

Australia and the G20

Australia’s involvement in the G20
Australia has been involved in the G20 since its origin as a finance ministers’ meeting. Headlines at the time reflect both the opportunity that inclusion offered Australia (G20 job to widen Aust’s world role), the work of Australia in promoting the G20 (Costello wants more G20 vision in the world) and the importance attached to the 2006 Melbourne summit (G20 summit – the world comes to Melbourne).
Media commentary in 2008 and 2009 (Australia pushes G20 as global cure; Rudd plan to beat global crisis; Rudd enthusiastically selling the vision; Rudd role vital to emergence of G20, says top U.S. man in Asia) and subsequent analysis (Australian participation in the G20; FactCheck: did Kevin Rudd help create the G20?) highlight the role that Australia played in elevating the G20 to a leaders’ summit and promoting it as a forum to respond to the global financial crisis.

**Australia’s G20 goals for 2014**

In January 2014 in a speech to the World Economic Forum at Davos, the Prime Minister stated that:

- ‘at the very least, the G20 should renew its commitment against protectionism and in favour of freer markets’, and that as ‘a trading nation, Australia will make the most of its G20 presidency to promote free trade’
- ‘the G20 will continue to tackle businesses artificially generating profits to chase tax opportunities rather than market ones ... you should normally pay tax in the country where you’ve earned the revenue’
- ‘my hope as G20 host, is to bring policy-makers, financiers and builders together to identify practical ways of increasing long-term infrastructure financing’.
- ‘... at the heart of the G20’s work is building the resilience of the financial sector: helping to prevent and manage the failure of globally important financial institutions; making derivatives markets safer; and improving the oversight of the shadow banking sector.’

**Speeches and press releases on the G20**

- J Hockey (Treasurer), *Australia’s G20 agenda: Address to the Institute of International Finance*, 20 February 2014.
- T Abbott (Prime Minister), *This year’s G20 – getting the fundamentals right: address to the World Economic Forum*, 23 January 2014.
- J Gillard (Prime Minister), *Speech to the G20 Heads of Mission Dinner*, 20 March 2011.
- K Rudd (Prime Minister), *A strategy for a sustainable economic recovery*, 7 July 2009.
- W Swan (Treasurer), *Adapting our architecture to challenging times: address to the Brookings Institute*, 10 October 2008.
- P Costello (Treasurer), *Address to Asialink lunch*, 26 October 2006.

**Speeches and press releases mentioning the G20**

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<td><strong>By the former Treasurer Peter Costello</strong></td>
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Useful resources

There is extensive literature on the G20. Some of the more useful summary resources include:

- The official website for Australia’s G20 presidency provides access to documents from previous years, material on Australia’s G20 agenda, and the official event schedule.

- The Lowy Institute has a G20 studies centre which has published a number of papers, including a ‘Playbook for the Brisbane G20 Summit’ and the G20 Monitor which has issues on Trade and the G20, Tax, Infrastructure, Anti-Corruption, Energy and the G20, Development and the G20, Financial Regulation and the G20, G20: Rebutting some misconceptions and G20 outreach and non-G20 member views on the G20.

- The University of Toronto has a G20 information centre, including communiques from and analysis of previous summits.

- The Centre for International Governance Innovation has a G20 working group, which publishes commentary and analysis.

- The Conversation website features G20 analysis and commentary by academics.

- Griffith University has a focus on the G20 in 2014, including publishing news and analysis and a number of public lectures and fora.

- A research paper by the US Congressional Research Service includes a high level overview of the G20.