Group of Twenty (G20)

What is G20?

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- The G20 is an international forum that brings together **the world's 20 leading industrialised and emerging economies.**
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- The group accounts for 85% of world GDP and two-thirds of its population.
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- Much of the important business takes place on the sidelines and in informal meetings.
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- When it was established 17 years ago, the attendance at G20 summits was limited to the finance ministers and central bank governors of members.
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- But since an inaugural meeting between G20 leaders in Washington DC following the collapse of Lehman Brothers in 2008, summits between G20 leaders themselves have become an annual event.
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What are the general criticism against G20?

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- The process of determining which nations were to be invited to join the G20 and which nations would not appears to have been very informal.
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- A 2011 report had criticised the G20's exclusivity, highlighting in particular its **under-representation of the African continent.**
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- The G20 is a **self-appointed group.** It may be more representative than the G8, but it is still arbitrary.
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- Critics say that G20 basically was an extension of the G7.
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- It's not population, it's not GDP, it's not financial reserves, it's just a decision taken on what we assume are the important economies of the world.
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- The G20's transparency and accountability have been questioned by critics, who call attention to the **absence of a formal charter** and the fact that the most important G20 meetings are closed-door.
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- G20 summits have also attracted protesters from a variety of backgrounds, including information activists, opponents of fractional-reserve banking and anti-capitalists.
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What were the outcomes of the recent G20 meet?

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- The **G20 Hamburg Action Plan** laid out the group’s strategy for achieving strong, sustainable, balanced and inclusive growth.
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- The G20 final communique placed a new emphasis on the need for trade deals to be reciprocal and non-discriminatory towards developing countries.
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- The Action Plan has been developed against a backdrop of improving growth and job prospects.
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- It included new policy actions to tackle challenges in economies, focusing on initiatives that foster inclusive growth, enhancing resilience and further the G20 efforts to implement structural reforms.
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- In spite of the United States' withdrawal from the Paris Agreement, the German presidency wanted to make the most of the renewed public policy interest for **environmental sustainability.**
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- It also outlined new actions to tackle the issues of correspondent banking and remittances, anti-money laundering and combating the financing of terrorism, fossil fuel subsidies and data gaps.
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- The United States and Russia also reached a Syrian ceasefire agreement after talks between Trump and Putin in Hamburg.
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Why the US got sidelined?

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- Until recently, the world looked to the US for leadership at such international forums.
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- But in the six months since Donald Trump entered the White House, that has all changed.
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- The headlines at the end of the G20 were bad enough.
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- **The US was alone on the issue of climate change,** where the 19 other members agreed to push ahead with the Paris Accord to reduce greenhouse gas emissions.
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- On issues ranging from **trade to climate change,** on how to deal with problems such as Ukraine, the US has turned its back on the considered consensus.
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- On trade, language was reinserted to commit the members to condemn protectionism, something that had been done after Trump had raised the prospects of tariffs.
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Why India was praised at Hamburg summit?

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- The G20 has praised the initiatives in India for promoting **ease of doing business, startup funding and labour reforms.**
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- G20 also appreciated India’s financial sector reforms like popularising derivative instruments in exchanges or electronic trading platforms as part of measures to enhance resilience of its economy.
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- It said India is facilitating external commercial borrowings (ECBs) by startups in order to encourage innovation and promote ease of doing business.
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- It further said India is introducing labour market reforms to provide security

to workers, increase female participation in the workforce and make doing business easier in the country.
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- This acknowledgement assumes significance in the wake of India trying hard to improve its global ranking for ease of doing business.
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