

The EU in the global club of powers: the case of the EU in the G20

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+ Summary

- What does the G20 represent and why was it created?
- What is the contribution of the G20 to the global governance?
- Is the G20 important for the EU and what is the EU input to the G20?
- What are the limits of the EU role in the G20?
- What kind of theoretical interpretation?

+ What is the G20?

- Forum for dialogue on key world economic & financial issues



- Aim:

- to become a key forum for international economic policy coordination

- Composed of industrialized & (re)emerging actors: 19 countries + 1 R.O. → EU

- 65% world population
- 79% world trade
- 85% world economy
- 79% world carbon emissions



+ Is the G20 an I.O. ?

■ What is an I.O.?

■ definition from the Int. Law Association

- An I.O. is ‘created under international law by an international agreement amongst States, possessing a constitution and organs separate from its members’



International
Law Association

+ What about the G20?

- G20 is a group of international actors
 - Operates as an informal forum:
 - → G7
 - No legal foundation → no constitution or treaty
 - No budget
 - Lacks permanent structures:
 - no permanent secretariat
 - work managed by a Troika: **regionally balanced**
 - current rotational presidency + previous & following presidencies:
 - 2018 → Argentina
 - 2019 → Japan
 - 2020 → Saudi Arabia
- The decisions in the G20 are taken by consensus:
 - non-binding political commitments

+ How were the MS of the G20 elected?

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- No legal criteria for membership
- G7 selected the 20 original members of the G20:
 - informal criteria
- 'important player' role in the world economy
- political & geopolitical reasons:
 - Iran or Taiwan compared to S.A.? → excluded due to political sensitivities
- The group needed to be 'regional balanced':
 - The Netherlands and Switzerland excluded to the benefit of Saudi Arabia, Argentina & S.A.

Why was the G20 created?



- To cope with the long **crisis** of global governance
 - Since 1970 → world + & + unpredictable:
 - Globalization & transnationalization → **weakening of State power**
 - Integration of the global financial market:
 - Increasing financial speculation
 - Increasing currency competition
 - financial markets + & + volatile→ **many global financial crisis**
 - The absence of a global authority, the weakening of the State power & the proliferation of global crisis created the **need** to launch a **new Bretton Woods system**
 - the old **Bretton Woods system** → established by the US (1945-1971):
 - economic and monetary order:
 - currencies were fixed to the dollar
 - the dollar was pegged to gold.→ **stability -) hegemonic order**
 - System based on a combination of free trade & welfare = '**embedded liberalism**'
 - Multilateral global organizations (IMF, WB, GATT)
 - 1971: Nixon → end to the system: a lot of instabilities

From the G7 to the G20

- + ■ Most industrialized countries decided to set up → the G7 (1975):
 - Informal dialogue: exchange views, ideas, makes recommendations:
 - to rebuild a new world order after the Bretton Woods system
 - A lot of criticism:
 - From developing and emerging countries, alterglobalist movements:
 - Lack of legitimacy → G7: representing a very limited number of rich and powerful countries
 - G7 unable to effectively respond to the financial crisis of the nineties:
 - Mexico, South-East Asia, Russia, Brazil, Argentina
 - → **malfunctioning of the international financial system**
 - G7 proposed the G20 → it started bringing together:
 - finance ministers & central bank governors of the G7, 12 emerging economies & the EU
 - 'Systemic crisis' of 2007-2008 → G20 upgraded to the level of Heads of State & Government
 - G20 = **expression** of a shift of power in global affairs:
 - → the increasing multipolarity of the world economy and politics

+ What are the topics addressed by the G20?

- The G20 traditionally focuses on issues related to:
 - global economic growth,
 - against protectionism
 - financial market regulation
- Main purpose:
 - reinforce the global financial system
 - improve the supervision & regulation of financial market participants
- Other issues of global significance:
 - Climate change
 - Refugee crisis
 - Corruption
 - Development aid
 - Geopolitical issues: war in Syria, Ukraine
 - etc.

+ Results of the G20 in term of global governance?

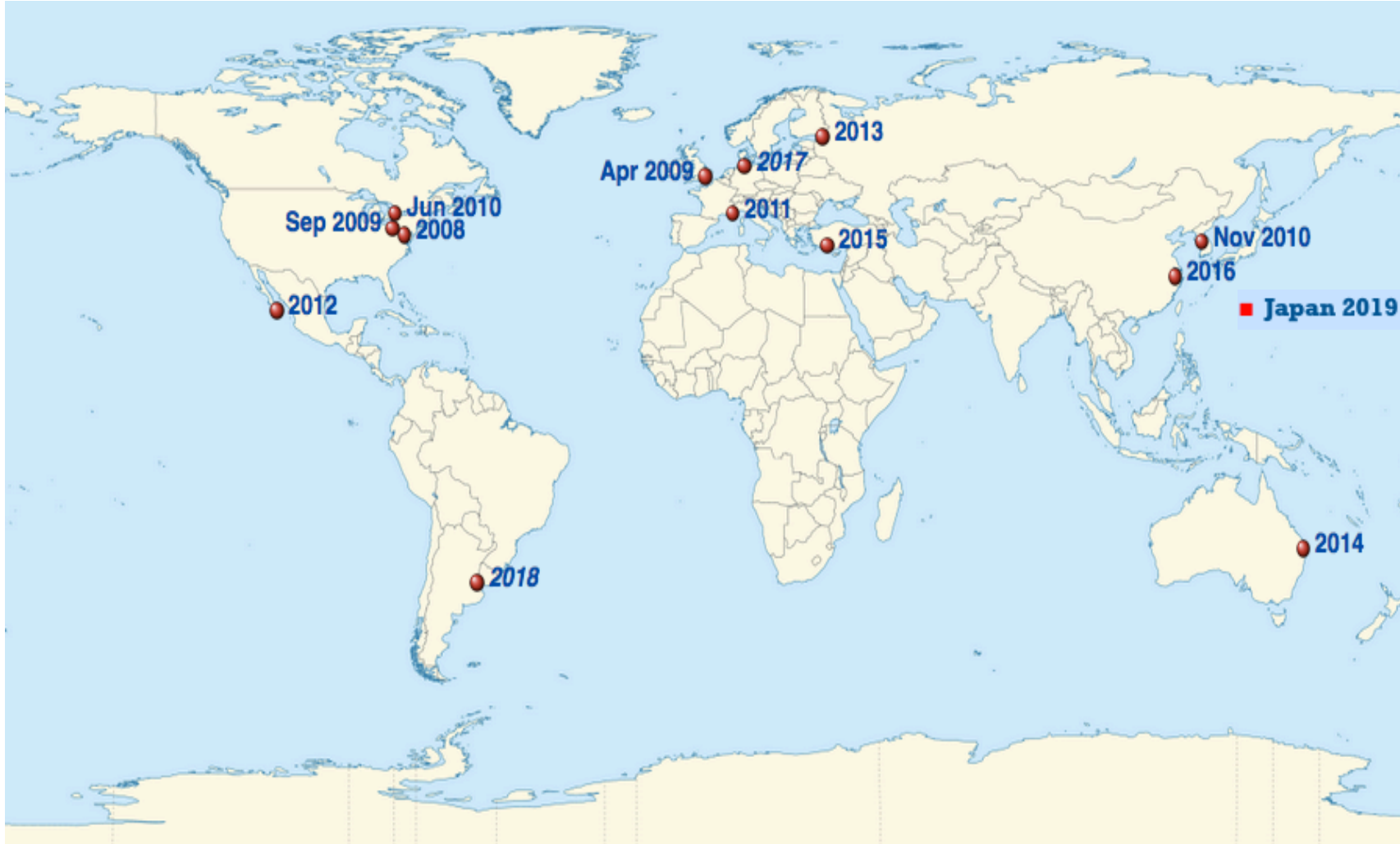
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- In the aftermath of the global financial crisis (2008)
 - G20:
 - delivered positive results in handling the effects of the crisis
 - succeeded in averting the possibility of an economic depression

+ Why? → Global leaders undertook quick actions

- Several Head of State summits between 2008-2010 (2 per year):
 - political message : 'global leaders are in charge'
- Economic and financial decisions:
 - reduction in interest rates
 - to support their economies with stimulus packages
 - the founding came through several global institutions
 - to inject more money into international institutions (IMF)
 - reform multilateral institutions (IMF & WB quota)
 - more power decision to emerging countries
 - New global institutions were created such as the

+ G20 Summits of heads of state



Host cities of G20 summits



+ Criticisms

- 2 types of criticism address to the G20
 - lack of effectiveness
 - lack of legitimacy

+ Lack of effectiveness

- The G20 is become less efficient (Jim O'Neill):
 - lack of pressure
 - limited trust between some major actors:
 - heterogeneity of the members
- Very wide agenda:
 - Disparity between intentions and results:
 - Many key proposals were not carried out

+ Lack of legitimacy

- Question raised about the G7
- G20 also affected by a lack of legitimacy:
 - G20 → excludes more than 170 countries
 - G20 self-appointed forum:
 - lacks clear, transparent and objective criteria for membership:
- Huge criticism on the informal character of the G20:
 - It causes a 'representational illegitimacy'

+ Answering criticism

■ Legitimacy

- heavy 'economic weight' --) warrants legitimacy

■ Concerning the lack of representativeness:

- G20 -) 'listen carefully to all institutions and countries that are not in the Group'

■ 'Evidence' of that:

- Inviting countries, regional organizations and multilateral organizations:

- AU, NPAD, Asean, ...

- IMF, World Bank, FSB, OECD, WTO, ILO, UN...

■ Civil society:

- Business 20

- Labour 20

- Civil 20

■ Informality: 'power of informality'

The EU representation in the G20



- In contrast to the G7, the EU was granted official membership of the G20 from the very beginning:
 - G7 → 1975
 - The excluded EC MS → advocated for representation of the EC
 - But the G7 considered it could:
 - complicate talks and
 - overload the agenda
 - The excluded EC MS lobbied and the European Council decided:
 - President of the Commission and
 - the rotating President of the council
 - The work of the European institutions very much appreciated in the G7:
 - this is why no one questioned EU's membership of the G20

- Who represents the EU in the G20?
 - President of the European Commission
 - President of the European Council
 - EU4: France, Germany, Italy and the UK

} over-representation

+ What is the importance of the G20 for the EU?

- a new channel of high-level multilateral diplomatic relations with:
 - established and emerging powers
- visibility, recognition and legitimacy
 - it may contribute to its diplomatic prestige and international standing
- opportunity for the EU to shape the international agenda

+ What is the EU input to the G20?

- EU priority at the G20 → the reform of the global financial
 - thanks to its expertise the EU has managed to influence the G20's agenda:
 - fighting bank secrecy
 - regulating financial products and institutions
 - inclusion of climate change in the agenda
- EU → one of the G20 leaders in terms of
 - following up and
 - Implementation of the Group's recommendations
 - it makes its voice stronger
- The most optimistic:
 - over-representation gives to the EU good bargaining power:
 - But it is Not always true!

Conflicts of interest between participants from the EU



- EU encounters some difficulties in forging a coherent and unitary action:
 - conflict with EU participants and non-G20 EU MS:
 - Examples:
 - Tax havens:
 - IMF reforms:
 - conflicts between EU members of the G20:
 - Traders' bonuses:
 - France against UK
 - common package of stimulus measures
 - Germany against, the UK in favour: → **European cacophony in the G20**
 - relations between the EU and the EU4:
 - G20 = State-centric forum
 - EU position in the G20 is quite delicate and diluted
 - very unlikely EU representatives go against & veto a G20 decision covered by the EU4

+ **Let's see how do the theories of IR interpret the G20 & the role of the EU in that forum**

■ **Realism**

■ **Liberalism**

■ **Transnationalism**

■ **Structuralism**

+ Realism:

- G20 =
 - group of powers
 - it is at the disposal of its MS → no acting in favour of global governance
- NO capability to act independently from its MS
- G20 = current distribution of power in the international arena
 - multipolarism
- EU = insignificant actor:
 - → undermined by the presence and role of some of its MS

+ Liberal approach

- More optimistic
- G20 supports multilateralism → facing harsh time:
 - protectionism, trade wars, return of the narrative on sovereignty, unilateralism ...
- G20 = opportunity for world leaders to:
 - meet, discuss and coordinate responses to global issues
 - managing complex interdependence
 - performs a potentially important role in global governance
- What about the EU?
 - G20 gives visibility and recognition to the EU
 - EU using the G20 to construct its role as an international actor

+ Structuralism

- Addresses several critical questions:
 - What about the rest?
 - What about the developing countries = majority
- G20 = structure → contributes to the domination & exploitation of the great powers over the poor countries
- G20:
 - legitimates & reinforces global capitalism &
 - power of global corporations
- EU = takes part to the 'wild global capitalism' & exploits the weakest

+ Transnationalism

- It goes beyond the formal G20 Head of State Summits process:
 - Informal mechanism of global governance
 - It puts the role of the nation state into perspective
- There is a significant activity occurring before the summit itself occurs:
 - sherpas, independent experts, representatives from key I.O.s ...
 - preparing material for deliberation
 - the transnational business and the transnational civil society:
- G20 =
 - → formal and informal global governance
 - → rising influence of transnational forms of governance established by civil society and business actors
- The EU:
 - quite similar process of governance but more sophisticated:
 - because of its decision making process