BROOKINGS

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The G-20 (Group of 20)

What is the G-20?

The Group of 20 (G-20) is a global policy forum of 20 countries—represented by the world's 20 largest economies (19 countries and one seat for the EU)—to discuss critical issues in the global economy and work together on solutions. As of March 2009, the 20 represented include:

1. Argentina
2. Australia
3. Brazil
4. Canada
5. China
6. France
7. Germany
8. India
9. Indonesia
10. Italy
11. Japan
12. Mexico
13. Russia
14. Saudi Arabia
15. South Africa
16. South Korea
17. Turkey
18. United Kingdom
19. United States of America
20. European Union

In addition to the country representatives, the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank attend, plus the chairs of their advisory committees, all of whom represent both their institutions and the interests of their complete membership.

When was the G-20 founded and why?

The G-20 was founded in September 1999 following the Asian financial crisis as a forum to help coordinate responses to international economic crises, particularly in emerging markets, which were not represented by the Group of Seven (G-7).

The G-20 initially grew out of an effort by the United States in 1998 to coordinate a collective response to the Asian financial crisis, which led to meetings with a G-22. The G-22 consisted of central bankers and finance ministers from the current G-20 countries (minus Turkey and the European Union) with the addition of Hong Kong, Malaysia, Poland and Thailand. Since the G-22 was an ad hoc group assembled to deal with a specific crisis, meetings of the G-22 ended once the Asian financial crisis was resolved. However, the Canadian government sought to develop a permanent forum like the G-22 that would meet regularly.

The original membership list of the G-20 was drawn up by the G-7 countries, and the membership has remained stable since its founding. The decision on which countries to include reflected a need for broad representation in terms of both geography and economic importance, while keeping the group a manageable size. Certain short-term considerations also played a role. For example, Indonesia would have normally been considered for inclusion due to its large economy, but political instability in 1999 precluded its membership in the eyes of the G-7 countries.

Who attends G-20 meetings and when do they meet?

Unlike the G-7, meetings of the G-20 were previously only attended by ministers, such as central bankers and finance ministers (Secretary of the Treasury for the U.S.), rather than heads of state. The G-20 summit in Washington, DC in November 2008 was the first heads of state meeting and was called because of the global financial crisis.

The G-20 has held annual meetings since its founding. Reflecting Canada's lead role in the creation of the G-20, the first three meetings were chaired by Canada. Since then, the chair of the meetings has alternated (more or less) between emerging and developed countries while passing over France and the U.S. as chairs, in part to maintain the symbolism of the G-20 as a forum that provides equal voice to developing countries.

What are some criticisms of the G-20?

The major criticisms of the G-20 center on effectiveness and legitimacy. On effectiveness, critics argue that representation by 20 is too broad to foster agreement on critical issues and that a smaller forum is desirable. Regarding legitimacy, critics state that although the impetus for forming the G-20 was to include more emerging market economies, Europe remains over-represented (the UK, France and Germany attend plus a representative from the EU) at the expense of some economies that rank in the top 20 worldwide in terms of economic size, such as Iran and Taiwan.