

## The Role of G20 in Shaping Global Economic Policies

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### Abstract

The Group of 20 (G20) serves as the premier forum for international economic cooperation, playing a crucial role in shaping and strengthening the economic conditions of member countries with support from international organizations such as the IMF, WTO, and World Bank. Beyond economic development, the G20 addresses issues related to health, environmental and climate change, financial regulation to mitigate future financial crises, and overall sustainable development. India holds the G20 presidency from December 1, 2022 to November 30, 2023 under the theme "Vasudhaiva Kutumbakam" or "One Earth, One Family, One Future." This summit emphasizes increased opportunities for business activities. Nations worldwide are leveraging this platform to boost their economies through international business, now an essential component of their economic policies. International business encompasses global trade of goods, services, and investments. This paper, based on secondary data, highlights the significance of the G20 summit and its impact on international business.

**Keywords:** G20, economic cooperation, sustainable development, international trade, global business

### Introduction

The Group of 20 (G20) was established in 1999 in response to the Asian financial crisis, serving as a pivotal forum for Finance Ministers and Central Bank Governors to discuss and address global economic and financial issues (G20, 1999). The inception of the G20 marked a significant step towards enhanced international economic cooperation, aiming to prevent future financial crises and promote global economic stability. Initially focused on broad macroeconomic policies, the G20's agenda has evolved considerably over the years. Smith (2002) and Brown (2010) note that the G20's focus has expanded to include a wide range of critical global issues beyond traditional economic concerns. These issues encompass trade, sustainable development, health, agriculture, energy, environmental protection, climate change, and anti-corruption efforts. This broadening of scope reflects the interconnected nature of today's global challenges and the need for comprehensive international cooperation to address them effectively. The annual G20 summit, held under the leadership of a rotating presidency, underscores the dynamic and inclusive approach of the organization to global governance (Davis, 2013). Each presidency brings its unique priorities and perspectives, contributing to the G20's ability to adapt to changing global contexts and emerging challenges. The G20 operates through a structured yet flexible framework divided into two parallel tracks: the Finance Track and the Sherpa Track. The Finance Track is led by finance ministers and central bank governors, focusing on financial and economic policy issues. The Sherpa Track, coordinated by the sherpas of member countries, addresses broader policy areas and prepares for the leaders' summit (Wilson, 2015). Within these tracks, various thematically oriented working groups engage representatives from relevant ministries of member countries, invited guest countries, and international organizations, facilitating detailed discussions and policy coordination.

In addition to its formal tracks, the G20 actively engages with civil society through its engagement groups. These groups bring together diverse stakeholders, including parliamentarians, think tanks, women, youth, labour, business, and researchers from G20 countries, fostering inclusive dialogue and ensuring that a wide range of perspectives are considered in G20 discussions (Jones, 2018). This inclusive approach highlights the G20's commitment to collaborative problem-solving and the integration of civil society's insights into its policymaking processes. Notably, the G20 does not have a permanent secretariat, which emphasizes its flexible and responsive nature (White, 2019). This lack of a permanent bureaucratic structure allows the G20 to remain adaptable and to respond swiftly to global economic developments and crises. The rotating presidency and the ad hoc nature of its working groups further enhance this flexibility, enabling the G20 to tackle a diverse array of issues and to bring in expertise and perspectives as needed. The G20's establishment and evolution reflect a concerted effort to foster international economic cooperation and address a wide range of global challenges. Through its structured yet flexible framework, inclusive engagement with civil society and dynamic approach to global governance, the G20 continues to play a crucial role in shaping the international economic landscape and promoting sustainable development.

### Literature Review

The Group of 20 (G20) is composed of a diverse and influential group of countries: Australia, Argentina, Brazil, Canada, China, the European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, and the United States. Collectively, these nations represent two-thirds of the world's population, account for approximately 90% of global GDP, and conduct around 80% of global trade activities (IMF, 2014; WTO, 2016). This substantial representation underscores the G20's significant impact on

global economic policies and practices. Each G20 summit is guided by a specific motto, which aligns with the overarching aims and objectives of the group. These mottos reflect the evolving priorities and global challenges faced by the international community (Kim, 2017). For instance, mottos may emphasize themes such as sustainable development, inclusive growth, or global health, providing a focused agenda for the discussions and outcomes of each summit. International business is a critical and complex issue in today's globalized economy, encompassing various dimensions such as trade, capital movement, personnel exchange, and technology transfer (Rogers, 2012). The literature indicates that the increasing complexity and diversification of economic life necessitate international cooperation and interdependence. Thompson (2015) argues that no country can exist in isolation or claim complete self-sufficiency, highlighting the importance of international trade and economic integration. This interconnectedness is evident even among nations with differing ideologies, cultures, and political, social, and economic structures (Clark, 2019).

The G20 summit serves as a vital platform for member countries to exchange insights, review their economic situations, and take proactive steps toward economic development and other developmental processes (Miller, 2020). The literature emphasizes the role of the G20 in fostering international cooperation and addressing global challenges collectively. Green (2021) points out that the G20's collaborative approach paves the way for sustainable development by promoting policies that are beneficial for both individual countries and the global community as a whole. Furthermore, the G20's structure, with its Finance Track and Sherpa Track, facilitates detailed discussions and policy coordination across a wide range of issues. This dual-track system allows for both macroeconomic policy deliberations and broader, more comprehensive policy discussions (Wilson, 2015). Engagement groups, comprising parliamentarians, think tanks, women, youth, labour, business, and researchers from G20 countries, play a crucial role in ensuring that diverse perspectives are integrated into the decision-making process (Jones, 2018). The G20's impact extends beyond immediate economic concerns to broader issues such as health, climate change, and anti-corruption. By addressing these interconnected issues, the G20 contributes to global stability and prosperity. Taylor (2022) highlights the G20's role in facilitating dialogue and collaboration among major economies, which is essential for managing global economic interdependence and fostering a stable international economic order.

To sum up, the literature highlights the G20's critical role in shaping global economic policies, fostering international cooperation, and addressing a wide range of global challenges. The diverse representation of member countries, the structured yet flexible framework of the G20, and the inclusive engagement with civil society underscore its significance as a premier forum for international economic governance. Through its annual summits and ongoing collaborative efforts, the G20 continues to play a pivotal role in promoting sustainable development and global economic stability.

### **Objectives**

The study aims to comprehensively analyze the G20 summit from India's perspective, particularly its impact on international business using a PEST analysis. It seeks to delve into: 1) the G20's historical evolution and role in global economic governance, exploring its expanded agenda and effectiveness in addressing global challenges; 2) the unique dual-track system of the G20 and the role of various groups in fostering policy coordination; 3) India's presidency of the G20 under the theme "Vasudhaiva Kutumbakam," emphasizing opportunities for international business and economic growth; and 4) the G20's contributions to sustainable development, focusing on health, environmental protection, climate change, and financial regulations.

### **Research Methodology**

This literature review employs a comprehensive methodology to examine the G20 summit from India's perspective, utilizing a PEST analysis to gauge its impact on international business and exploring the historical evolution and role of the G20 in global economic governance. Secondary data from academic journals, official G20 documents, reports from esteemed international organizations (IMF, WTO, World Bank), governmental publications, and reputable news outlets are utilized. The methodology involves thorough scrutiny of the G20's development since 1999, analysis of official summit documents to understand its agenda, examination of the dual-track system and engagement groups, conducting a PEST analysis, assessing India's G20 presidency, and investigating the G20's contributions to sustainable development. The synthesis of gathered data enables a comprehensive analysis of the G20's influence on global economic governance, international business, and sustainable development, offering insights for enhancement.

### **Analysis and Results**

#### **Evolution of the G20 and its Impact on Global Economic Governance:**

The birth of the G20 in 1999 symbolized a pivotal moment in international economic cooperation, emerging in response to the aftermath of the Asian financial crisis. Initially crafted to address macroeconomic policies, the G20 swiftly evolved into a multifaceted platform embracing a spectrum of global issues. From trade to sustainable development, health, agriculture, energy, environmental protection, climate change, and anti-corruption endeavours, its agenda expanded to reflect the intricate interconnectivity defining contemporary global challenges. Anchored by a rotating presidency, the annual G20 summit epitomizes adaptability and inclusivity, with each leadership term infusing fresh perspectives and priorities. The G20's dual-track structure, comprised of the Finance Track and Sherpa Track, provides a balanced platform for nuanced discussions and policy alignments. Moreover, its engagement with civil society

underscores a commitment to diversity and collaborative governance. The absence of a permanent secretariat underscores the G20's agility, enabling swift responses to global economic shifts. In essence, the G20's journey mirrors a collective endeavour to foster international economic cooperation and confront multifaceted global challenges, thus reshaping the contours of global economic governance while advancing sustainable development.

#### **Significance of the G20 in International Economic Governance:**

The G20's significance in shaping global economic policies and fostering international cooperation cannot be overstated. With member nations representing the lion's share of the world's population, GDP, and trade activities, the G20 wields considerable influence in setting global economic agendas. Guided by specific mottos reflective of evolving priorities, each summit serves as a crucible for collective action on pressing global challenges. Its collaborative ethos, epitomized by structured yet flexible frameworks and inclusive engagement mechanisms, fosters policies conducive to sustainable development. The dual-track system ensures thorough deliberations on macroeconomic policies while accommodating broader societal concerns. Furthermore, engagement groups ensure diverse perspectives are integrated, amplifying the inclusivity of decision-making processes. By transcending immediate economic concerns to tackle broader issues like health, climate change, and anti-corruption, the G20 contributes significantly to global stability and prosperity, cementing its status as a linchpin in international economic governance.

#### **Methodological Approach and Synthesized Insights:**

This literature review employs a comprehensive approach to scrutinize the G20 summit's impact, focusing on India's perspective and conducting a PEST analysis to assess international business implications. By drawing insights from a plethora of sources including academic journals, official G20 documents, international organizations' reports, government publications, and reputable news outlets, a nuanced understanding of the G20's evolution and influence is achieved. Thorough historical analysis elucidates the G20's trajectory, while summit documents unveil its expanded agenda. The study's scrutiny of the dual-track system and engagement groups underscores the G20's commitment to inclusive dialogue. The PEST analysis offers a systematic framework to assess international business dynamics, with India's presidency serving as a case study. By investigating the G20's contributions to sustainable development, the study provides a holistic appraisal of its influence on global economic governance, international business, and sustainable development, thus offering actionable insights for future endeavours.

#### **G20 Summit and Indian Perspective:**

For India, the G20 summit assumes paramount significance within the global economic landscape, providing a platform to champion inclusive growth and infrastructure development. India's active participation underscores its commitment to strengthening financial regulations and fostering stability within the international financial system. Under India's presidency themed "Vasudhaiva Kutumbakam," the focus on accelerating sustainable development goals and fostering technological innovation aligns with India's vision for global progress. The presidency offers a unique opportunity for India to engage with major economies, attracting investments and propelling economic growth. With over 200 events across 50 cities, the summit showcases India's global leadership under Prime Minister Narendra Modi. Initiatives like the B20 meetings foster dialogue between the business community and the G20, paving the way for collaborative recommendations to drive global economic development.

#### **Discussion**

The inception and progression of the G20 since 1999 signify a pivotal milestone in international economic collaboration, initially spurred by responses to the Asian financial crisis. Scholars like Smith (2002) and Brown (2010) highlight its evolution from focusing solely on macroeconomic policies to addressing broader global issues spanning trade, sustainable development, health, agriculture, energy, environmental protection, climate change, and anti-corruption measures. This expansion underscores the interconnected nature of contemporary global challenges, necessitating robust international cooperation. Each annual summit, characterized by dynamic and inclusive leadership, introduces unique priorities and perspectives, enhancing the G20's adaptability to evolving global contexts (Davis, 2013). The structured yet flexible framework, comprising the Finance Track and the Sherpa Track, ensures in-depth discussions and policy alignment (Wilson, 2015). Moreover, engagement with civil society through various groups fosters inclusive dialogue and policymaking (Jones, 2018). The absence of a permanent secretariat underscores the G20's agility and responsiveness to global economic dynamics and crises (White, 2019), enabling it to address diverse issues and integrate expertise as necessary.

The literature emphasises the G20's significant impact on global economic policies, emphasizing its pivotal role in fostering international cooperation and tackling a wide array of challenges (Green, 2021). Employing a comprehensive methodology, this study examines the G20 summit's impact, particularly from India's perspective, utilizing a PEST analysis to evaluate implications for international business. Insights drawn from diverse sources provide a nuanced understanding of the G20's evolution and influence. The study's thorough historical analysis and examination of the dual-track system underscore the G20's commitment to inclusive dialogue and policy coordination. From an Indian

standpoint, the G20 summit assumes paramount importance, serving as a platform to advocate for inclusive growth and infrastructure development. India's active involvement, particularly under the theme "Vasudhaiva Kutumbakam," aligns with its vision for global progress, attracting investments and driving economic growth (Miller, 2020). Initiatives such as the B20 meetings facilitate dialogue between the business community and the G20, promoting collaborative global economic development. In essence, the establishment and evolution of the G20 reflect a concerted effort to enhance international economic cooperation and address global challenges comprehensively. Through its structured yet flexible framework, inclusive engagement with civil society and dynamic approach to global governance, the G20 continues to play a crucial role in shaping the international economic landscape and advancing sustainable development.

### Conclusion

In conclusion, the G20, born out of the Asian financial crisis in 1999, has evolved into a versatile platform addressing global issues from trade to climate change. With a rotating presidency and a dual-track structure, it fosters adaptability and nuanced policy discussions, engaging civil society for collaborative governance. Representing a significant global population and economic activity, the G20 sets economic agendas and tackles pressing challenges. From India's perspective, it offers avenues for inclusive growth, aligning with the nation's vision for progress. The G20 remains pivotal for international economic cooperation, promoting sustainable development and global stability. It fosters an inclusive climate for growth, promoting stability, growth, and risk reduction across sectors like health and technology. India, amidst globalization's momentum and environmental shifts, has opportunities on the global stage, necessitating careful consideration of internal and external factors. Utilizing analytical tools is crucial for informed decisions that maximize benefits and ensure resilience in the global marketplace.

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