

BRIEFING

The impact of G20 on EU trade policy

Author: Roberto BENDINI¹

Introduction

What is the Group of 20 (G20)?

The Group of 20 (G20) is an informal forum that brings together high-level officials and government members from the world's 20 biggest economies (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States and the European Union) to discuss important economic and financial issues. It was created in 1999, in the aftermath of the East Asian financial crisis, by the finance ministries of the Group of 7 (G7), namely the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom, 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'.²

The G20 acquires legitimacy from its economic weight.

Despite being an informal forum lacking an official structure, the G20 'represents around 90 % of global GDP, 80 % of global trade and approximately 2/3 of the world's population'.³ Therefore, it acquires legitimacy through its economic weight. The lack of representation for the remaining 170 countries that currently compose the world political atlas, however, poses serious questions of 'democratic deficit'. The European Union is a member of the G20 and is represented by both the President of the Commission and the President of the European Council. The Bretton Woods organisations (the International Monetary Fund and World Bank) and the main international organisations (such as UN and the OECD) also participate in the G20 meetings. Following this brief introduction, analysis will now focus on the impact of the G20 in shaping EU trade policy.

¹ This paper was drafted by Francesco TENUTA (intern) under the guidance of Roberto BENDINI.

² 'The European Union's Role in International Economic Fora - Paper1: The G20', European Parliament, April 2015, p. 8, retrieved 6 November 2015, [http://www.europarl.europa.eu/RegData/etudes/STUD/2015/542207/IPOL_STU\(2015\)542207_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/542207/IPOL_STU(2015)542207_EN.pdf).

³ Ibid.

The impact of the G20 on EU Trade policy

The G20 has never had a strong impact on EU trade policy.

The G20 dealt successfully with the 2008 global financial crisis ...

... but its role in shaping international trade policy has been marginal.

The impact of the G20 in shaping EU trade policy has been almost non-existent so far: or if there has been an impact, it has been indirect.

In fact, as Joshua Meltzer of the Brookings Institution argues, 'the G20 leaders' summit has never had trade as a core of its focus. Instead, the G20 has approached trade issues from the perspective of how can trade contribute to restoring global economic health and financial stability'.⁴

Thanks to its informal organisation and its economic weight, 'the G20 was quite successful in dealing with the financial crisis: it introduced efficient stimulus packages, prevented its members from raising import duties and also countered regulatory protectionism'.⁵ As a result, after the G20 summit held in Washington in 2008, G20 leaders committed to 'refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures to stimulate exports'.⁶

However, Europeans have traditionally been against raising barriers to trade and investment, and it is unlikely that the commitment made in Washington has had a great impact on EU trade policy: Europeans would not have raised trade barriers anyway. In addition, this commitment, which is non-binding, has not been respected by all the G20 members. Indeed, by the end of June 2014 'the total number of trade restrictions introduced by G20 countries had reached 704 measures' more than in the period prior to the crisis.⁷

As previously mentioned, aside from a few collateral trade-related political statements the role of the G20 in shaping not only the EU but, in general, international trade policy has been marginal. The G20 mostly deals with financial issues, and other relevant topics such as unblocking the Doha Round negotiations have been kept off the agenda.⁸ As an exception, at the 2010 G20 summit in Seoul the leaders demanded a joint effort to 'promptly

⁴ J. Meltzer, 'The G20 pivot toward trade', Brookings Institution, 2012, retrieved 7 November 2015,

http://www.brookings.edu/~media/research/files/reports/2012/6/g20/g20_meltzer.pdf

⁵ 'The Forces Shaping World Trade', World Trade Organisation, 2010, p. 30, retrieved 7 November 2015, https://www.wto.org/english/res_e/booksp_e/public_forum10_e.pdf.

⁶ D. Tussie, 'The G20 and the multilateral trade impasse', FRIDE, September 2010, retrieved 7 November 2015, http://fride.org/download/PB_G20_7_eng_The_G20_and_the_multilateral_trade_impasse.pdf.

⁷ B. Barone and R. Bendini, 'Protectionism in the G20', European Parliament, 2015, p. 12, retrieved 7 November 2015,

[http://www.europarl.europa.eu/RegData/etudes/STUD/2015/549028/EXPO_STU\(2015\)549028_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/549028/EXPO_STU(2015)549028_EN.pdf).

⁸ Ibid.

The situation has changed a bit in the last few years with leaders calling for efforts to conclude the Doha Round and the G20 presidencies showing more interest in trade issues.

bring the Doha Round to a successful, ambitious, comprehensive and balanced conclusion'.⁹ Unfortunately, this call for action has not been translated into results.

The situation has changed a little in the last few years, since the Mexican, Australian and Turkish presidencies of the G20 have organised G20 trade ministers' summits to shed light on the need to set a new trade agenda. At their last meeting in Brisbane, Australia, the G20 leaders also stated that 'we need a strong trading system in an open global economy to drive growth'.¹⁰ At the next G20 summit, to be held in Turkey in mid-November 2015, there will probably be new steps forward. However, so far the impact of the G20 on EU trade policy has been decidedly low.

Conclusion

The G20 has so far exerted little influence on EU trade policy. This stems from the fact that G20 leaders in the past had been mainly engaged with recovery from the financial crisis of 2008 and had neglected trade issues. However, the most recent presidencies have paid more attention to trade issues, and this is likely to mean a greater focus on trade at future G20 meetings.

⁹ Meltzer, *op. cit.*

¹⁰ S. Harbinson, 'The G20 and Trade', Hong Kong University, p. 1, retrieved 7 November 2015.