

A MULTILATERAL PLATFORM IN A POLARISED WORLD

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In a world where multilateralism appears to be gasping for breath, the G-20 Foreign Minister's meeting in Bali dealt a few more blows. "We cannot deny that it has become more difficult for the world to sit together," said Retno Marsudi, Indonesian Foreign Minister who hosted the meeting this week, even as G-7 countries skipped a welcome reception and concert to protest the presence of Russian Foreign Minister Sergey Lavrov. Mr. Lavrov walked out of one meeting over comments made by Western countries about the war in Ukraine, and another, just before the Ukrainian Foreign Minister, a special invitee to the session on food security, began to speak.

It seems the road between the Foreign Ministers' meeting, expected to be followed by an equally acrimonious G-20 Finance Ministers' meeting on July 15-16, which will finalise the agenda, can only lead to an even more contentious G-20 summit four months later, on November 15-16, where Russian President Vladimir Putin has been invited and Ukrainian President Volodymyr Zelensky is expected to address the gathering as a special invitee. The U.S. has already demanded Mr. Putin be disinvited, or U.S. and European countries would boycott his address. Sensing the difficulties, Indonesian President Joko Widodo, who attended the G-7 summit in Germany as a special invitee, also travelled to Kyiv and Moscow last month, and met with both leaders in the hope of keeping the G-20 together, as it faces what is probably its greatest organisational challenge in 23 years of its existence. India, which will assume the Presidency of the G-20 in December, will have to bear the burden of ensuring the G-20's continued existence in a globally polarised world through 2023.

In many ways, (minus the Russia-Ukraine war), the present moment reflects many of the crises that led to the creation of the G-20 in the first place in 1999. At the time, the geo-economic multilateral order was dominated by the G-8 countries (now the G-7, after the ouster of Russia), and it was clear that they were ineffective in dealing with the Mexican, Asian and Russian Financial Crises of 1997-98.

Global South

The larger global economic grouping at the time, the 38-member OECD that was created out of the post-World War reconstruction effort, was equally unworkable, and weighted towards the U.S. and Europe. This led to the first G-20 meeting, of Finance Ministers and Central Bank Governors, to look at the world through a more "Global South" perspective.

Two men in particular, Canadian Finance Minister (and later PM) Paul Martin, and U.S. Treasury Secretary Lawrence Summers were credited with the push for this larger grouping, which they said would move beyond the "denizens of Davos" to people who work in "Detroit and Düsseldorf", referring to manufacturing hubs of the time. Along with economists from the OECD, which remains the G-20's strategic adviser, they chose from a basket of emerging economies (all BRICS countries are in G-20) to create the G-20 as a "perfect mix" of the old world and new, of the first world and the developing world; of the traditional, ageing global elites, and the more populous, bustling and growing economies.

The final list read: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea (South Korea), Mexico, Russia, Saudi Arabia, South

Africa, Turkey, United Kingdom, and the United States, along with the European Union. Spain is a permanent invitee, as are several international agencies like the UN, the IMF, ASEAN, the African Union, etc. Some have joked that only 19 countries are actually G-20 members (as the EU is not a country), proving that “finance ministers can’t count”, but a little-known fact, disclosed by Mr. Martin years later, was that Nigeria was meant to be the “20th” member, and was dropped at the last minute due to political troubles. Today, G-20 members account for 60% of the global population, 75% of global trade and more than 80% of world GDP.

The G-20 has no fixed headquarters, and the secretariat moves by rotation between the countries hosting or assuming Presidency of the grouping each year. The members are divided into five groups (India is in Group 2, along with Russia, South Africa and Turkey). The G-20 agenda that still depends heavily on the guidance of Finance Ministers and central Governors is finalised by a unique system of ‘Sherpas’, who are special envoys of G-20 leaders. Another feature of the G-20 is ‘Troika’ meetings, comprising the countries presiding over the G-20 in the past year, present year, and next year. At present, the Troika is made up of Italy, Indonesia and India.

The G-20’s next big leap came during the global financial crisis in 2007. It was clearly a time for leadership to step in, and the first G-20 summit was held in 2008 in Washington DC, hosted by U.S. President George W. Bush. Experts saw the G-20 agreements in 2008 and 2009, where the grouping agreed to revive economies with a spending boost worth \$4 trillion, lowering trade barriers and implementing economic and governance reforms, as proof that the new grouping could actually work, and even save the global financial system through concerted action.

Global priorities

That enthusiasm didn’t last, and the next decade brought with it new challenges, as China’s strategic rise, NATO’s expansion and Russia’s territorial aggression in Georgia and Crimea changed global priorities. Today, the world continues to struggle with sharpening geopolitical rivalries, and a possible dilution of the dollar-based system post-Ukraine sanctions, even as it deals with the new realities of post-COVID economics. Globalisation is no longer a cool word, and multilateral organisations have a credibility crisis as countries around the world pick being ‘G-zero’ (a term coined by political commentator Ian Bremmer to denote ‘Every Nation for Itself’) over the G-7, G-20, BRICS, P-5 (UNSC Permanent Members) and others.

For India, the G-20’s challenges come with the prestige of hosting the Summit next November, when global leaders will descend on New Delhi, and meet with Prime Minister Narendra Modi just months before national elections in 2024. In the past few weeks, India has been more vocal about working with Indonesia to build a consensus for the Bali agenda, and has also begun the process of setting up G-20 structures here. Former NITI Ayog CEO Amitabh Kant has been appointed the PM’s G-20 Sherpa, and former Foreign Secretary Harsh Shringla will be the G-20 Coordinator. The government plans to hold 100 preparatory meetings in different parts of the country, which led to a controversy over whether the G-20 summit or Ministerial level meetings would be held in Jammu Kashmir.

Amid protests from Pakistan and China, the MEA has clarified that no decisions have been made yet. The G-20 venue is likely to be at Delhi’s Pragati Maidan, where the construction of roads, conference halls, hotels and landscaping is under way. The bigger challenges, however, will remain for India to assist Indonesia in protecting the idea of the G-20, and keeping it from fragmentation in the face of geopolitical fissures, where leaders are loath to hear each other speak, or even sit in the same room together.

In the late 1990s, as the existing geo-economic multilateral order was found ineffective in dealing with the Mexican, Asian and Russian financial crises, countries moved towards forming G-20

A group of developed and emerging economies, including OECD and BRICS, were chosen as a “perfect mix” of the old world and new to create the new grouping

During the 2007 financial crisis, G-20 members took concerted actions, including boosting spending and lowering trade barriers, to revive economies

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