

Dynamics within the G20

La dinámica al interior del G20

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Abstract

In this article, given the G20's growing relevance in the world as an ideal vehicle through which to find formulas for political coordination at the highest level, the author presents an overview of the internal workings of the G20, the role of the presidency and how the Group's agenda is structured and drawn up, how members' interests are managed and how final decisions are made, as well as contributions made by the G20 and its influence in international forums and organisations.



Resumen

En este artículo, dada la relevancia creciente del G20 en el mundo como una instancia idónea para encontrar fórmulas de coordinación política al más alto nivel, la autora presenta un recorrido sobre el funcionamiento interno del G20, sobre cuál es el papel de presidencia y cómo se estructura y se elabora la agenda del Grupo, cuál es la gestión de los intereses de los miembros y cómo se toman las decisiones final, y cuáles han sido sus contribuciones del G20 y cuál es su influencia en foros y organismos internacionales.



Keywords

G20, European Union, 3G, IMF, World Bank, United Nations, OECD, ILO, BRICS



Palabras clave

G20, Unión Europea, 3G, FMI, Banco Mundial, ONU, OCDE, OIT, BRIC

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On September 15, 2008, the U.S. investment bank Lehman Brothers collapsed, triggering a turning point on the international scene. The apparent confidence in the self-regulation of markets crumbled as it became clear that it was precisely the lack of adequate regulation and oversight that threatened a complex and deeply globalised financial system. The leaders of the world's major economies expressed alarm and recognised that only global political coordination could take the lead in the face of this systemic threat.

The European Union was quick to act. The then French President Nicolas Sarkozy (holding the rotating E.U. presidency) in collaboration with the then president of the European Commission, José Manuel Durão Barroso, mobilised and travelled to the United States in October 2008 to meet with President George W. Bush. The E.U. proposed to convene an urgent meeting of—until then—an almost unknown G20 that had been created in 1999. This G20, which held regular annual meetings between their respective finance ministers, emerged as the ideal venue to find formulas for policy coordination at the highest level.

International society recognised that it was engulfed in an increasingly voracious globalisation and that rules were needed.

The relevance of the presidency

Almost without realising it, the political leaders of economies representing 85% of the world's GDP found themselves part of a diplomatic meeting

mechanism. On November 14-15, 2008, the first G20 summit took place in Washington D.C., hosted by President George W. Bush. The U.S. President would convene for the first time the political leaders of the G20,¹ which was created by the United States, Canada and Germany in 1999.

The 1997 Asian crisis had exposed the vulnerability of an increasingly interdependent economic system, and a permanent dialogue on macroeconomics was set up between some twenty actors. However, almost ten years later, the threat of a financial crisis was systemic and global in scope, prompting an unprecedented meeting to agree on measures and reforms to the global financial system.

In 2008, no one could have known how many summits and thus how many G20 presidencies would be organised over time. What is certain is that the political leaders who met for the first time at that informal meeting in Washington D.C. showed the political will to narrow the gap among leaders and expressed the desire to continue with this new format of meetings. Thus, without a bureaucratic mechanism and following the guidelines established by the Finance G20, since there was neither a permanent secretariat nor written rules, the G20 leaders gradually gave shape to a new form of diplomacy. The inaugural meeting chaired by the United States was a tacit acknowledgement of its inability to manage the new global challenges on its own. From that occasion onwards, further meetings would be necessary and inevitable.

In order to maintain a constant rapprochement and close dialogue, the G20 leaders first agreed to establish biannual meetings. The need to agree on regulatory measures, reflect on reforms of the Bretton Woods institutions, think collectively about how to relaunch an economic recovery and establish global growth were, among others, the first concerns shared and would need a roadmap established by a rotating presidency.

With Barack Obama newly installed in the White House in 2009, the international community was full of expectations. Without any G20 political leader being certain how long it would be necessary to meet and without

¹ The G20 is today composed of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, Republic of Korea, Türkiye, the United Kingdom, the United States, the European Union, and Spain as the only permanent guest.

questioning its durability, the informality of the meeting allowed for the agreement to establish a rotation of presidencies proposed by each member and accepted on a consensual basis. The fragile international financial situation led to biannual meetings being held in 2009 and 2010. Thus, in 2009, the summits were chaired by the United Kingdom and the United States, followed in 2010 by Canada and the Republic of Korea respectively.

Certainly, the G20 summit chaired by the Republic of Korea is potentially significant. For the first time, an emerging country was organising an informal meeting bringing together the most important political figures, representing not only 85% of the world's GDP, but also two-thirds of the world's population, 80% of global trade and a plurality of different political governments, as "the G20 is home to both democratic and autocratic, secular and religious, and even monarchical states, some of which are experiencing intense challenges that are transforming their respective *modus vivendi*".² In short, the Republic of Korea's presidency of the G20 reaffirmed the role of a group that in its infancy signalled that power relations were shifting.

Progressively, the presidency within the G20 assumed a substantial role, as it had played a key part in the very process that this informal club of leaders was rolling out. In order to increase representativeness, in the second half of 2010 the Korean presidency managed to agree that two African countries would be invited to each meeting, as the continent's under-representation in the global dialogue was evident. Thus, with a calmer international panorama, from 2011 onwards it was agreed that the presidencies would be annual and would have the system known as troika, that is, that both the previous and future presidencies would closely accompany the organisational process of the new presidency. In addition to the attendance of African countries, the country organising the summit would have the power to invite three other countries, often from the continent to which it belongs. All these briefly detailed aspects illustrate the progress and evolution of both the group and the importance of holding a presidency.

² Ivette Ordóñez Núñez, *El G-20 en la era Trump. El nacimiento de una nueva diplomacia mundial*, Madrid, Catarata, 2017, p. 43.

Once the leaders agree on the upcoming venues—always seeking to diversify the geographic area—the designated chair is in charge of choosing the central theme and relies on the group’s functional structural apparatus to bring its agenda to life. The chair amalgamates all the power necessary to set out the steps it believes the group should take in order to establish initial global governance guidelines.

How is the G20 structured and how is its agenda set?

The emergence of the G20 of today’s political leaders was a sudden, necessary and informal development that has taken hold on the international scene. This club of self-appointed leaders has decided, for now, to maintain this novel diplomatic format to discuss, agree and decide on issues of global governance that go beyond financial and economic aspects. Its members are the structural basis of the group, but new actors have been added over time.

The G20 is made up of 19 countries plus the European Union, thus forming the equation 20 chosen in 1999. However, given the atmosphere of uncertainty surrounding the first summit in Washington in 2008, an agreement was reached to also invite Spain, the Netherlands and the Czech Republic. With more doubts than certainties, this new G20 was stealthily anchored on the international scene, arousing suspicion, perplexity and astonishment on the part of some actors who did not belong to the group and questioned its self-proclamation to settle matters of global importance.

The “tenure” of membership quickly became the subject of debate, as members did not wish to either expand it or create membership criteria for it. This was the atmosphere that Spain had to face, as former Spanish President José Luis Rodríguez Zapatero recounts, when he stresses that the Spanish government had to design a diplomatic strategy to remain in the G20, where the Spanish *Sherpa*³ as well as the foreign minister

³ Sherpa is the political figure appointed by each president to be the interlocutor of the process throughout the presidency; each government appoints its own Sherpa. The word Sherpa refers to the guide who leads expeditions in the Himalayas.

and even King Juan Carlos, would actively participate in order to gather support among the members.⁴

Mexico played a leading role in this debate, not only by openly demonstrating its support for Spain's accession, but also because it was the place where the final structure of the group was decided. Despite Brazil's opposition to Spain's insertion into the G20, the support of the United States, Argentina and Saudi Arabia, among others, was decisive in consolidating the group's new image. Today, each G20 summit is made up of its full members plus Spain as the only "permanent guest".

Other actors, such as the Global Governance Group (3G), are also an integral part of the G20 structure. The 3G was created in 2010 in response to the discomfort of certain actors such as Switzerland, Singapore, Monaco and Liechtenstein, which felt openly singled out when they appeared on the famous "blacklist" of tax havens published by the Organisation for Economic Cooperation and Development (OECD) at the request of the G20 leaders. These misgivings arose from a lack of understanding as to how a group of leaders with no founding charter and no institutional power could allow themselves to decide on policies that affect others. This sensitive issue was resolved through diplomatic efforts by Singapore, which approached the United Nations to "formalise" 3G to participate in all G20 summits representing non-G20 members.

Just as the United Nations participates in the structural fabric, other organisations such as the International Monetary Fund (IMF), the World Bank (WB), the Financial Stability Forum (now the Financial Stability Board, FSB), the International Labour Organisation (ILO), the OECD, among others, have been invited to join the G20, acting as secretariats. The G20 needs to maintain this structure to give substance to all the decisions that are taken, so their expertise is substantial in the process. In order to be more inclusive, leaders have also been willing to invite other regional organisations such as the New Partnership for Africa's Development (NEPAD) and the

⁴ José Luis Rodríguez Zapatero details the complex diplomatic path that the Spanish government undertook in order to become a permanent member of the G20, all of which was decided at a Sherpa meeting in Mexico in January 2010. See José Luis Rodríguez Zapatero, *Dilema*, Barcelona, Planeta, 2013, pp. 274-276.

Association of Southeast Asian Nations (ASEAN), often represented by the countries chairing these organisations.

All of this accompanying structure of the G20 is further enhanced in the agenda-setting. Its configuration is designed by each host, which is based both on the previous agenda (in an attempt to give continuity to the themes) and on its own vision. The organising country usually chooses a “slogan” that characterises its presidency and—at first glance—denotes the trend it intends to set. The host has the power to propose new topics for discussion, but the great flexibility of the grouping also allows for other topics to be suggested and included at the request of others. There are no strict rules about this, but often topicality conditions the meeting. The implementation of the agenda requires a *modus operandi* that is perfected over the course of the celebrations. The agenda is defined by the presiding government and the Sherpa oversees the whole process.

How are members’ interests and inclinations appreciated during the process and how are final decisions reached?

The implementation of the agenda reveals the opportunity to openly get to know the interests, discomforts, visions and perceptions of the members. Unlike a G7 characterised by an apparent ideological uniformity, the G20 allows—without censorship—for a heterogeneity of positions to be exposed and channelled. Although the European Union initially drew up the road map that the G20 will carry on its shoulders by addressing the need to implement regulation and supervision of the international financial system (the drawing up of lists of tax havens, regulation of high-risk funds, greater injection of resources into the IMF, better supervision of credit rating agencies and protectionism), these lines will gradually broaden, going beyond the financial and economic sphere to address other issues of global concern and allowing us to observe the true political will of its participants.

Over the years, the European Union will continue to show its inclination to control and regulate different aspects of the global agenda. For example, in 2011, when France held the presidency of the G20, both France and the

European Union proposed the need to agree on a financial transaction tax, a proposal that was quickly rejected by the United States, Canada and the emerging countries. Interestingly, initiatives of this kind signal the absence of Western alignment, paving the way for a more diverse debate. Likewise, in 2018, both France and Germany—backed by the European Union—reaffirmed their regulatory perception, formally asking Argentina to discuss the possibility of implementing a possible regulation of the global cryptocurrency market. A debate that would lead Argentina—the host country—to request a report from the FSB to analyse the real impact of these currencies, which although it was of great importance, at the time it was concluded that regulation was not necessary in this regard.

On the other hand, the role of other actors such as China is significant in terms of the opposing vision of many of its G20 partners. The treatment of issues such as sustainability and climate change is very sensitive and something that China refused to discuss, claiming that it was an exclusively U.N. issue. Gradually, the possibility of including this area in some way began to take root; in 2012, Mexico was the host that would put “green growth” on the agenda, not as a strict negotiation, but by providing a perspective of recommendations, exchanging experiences and proposing guidelines for action. China agreed to participate in this, although it was always wary of the inclusion of this issue. This position is explained by former Spanish President Rodríguez Zapatero, when he reveals that the emerging countries did not want to commit to any type of measure that could limit their development “in the financial, commercial and, especially, environmental fields”.⁵ From the perspective of the emerging countries, especially the BRICS (Brazil, Russia, India and China), developed countries have been growing industrially and commercially for decades, a view that explains the feeling of not wanting to be subject to “demands” coming from developed countries, because they do not have the same pace of growth. This perception was also reflected in 2014, when Australia hosted the summit purporting to address corruption, which China rejected because it felt it was an external imposition on its domestic policy. As Transparency International’s legal expert Maggie Murphy rightly argues, the possibility of “Chinese veto would

⁵ J.L. Rodríguez Zapatero, *op. cit.*, p. 294.

take the anti-corruption principles off the table”.⁶ It was an issue that made the position of its members visible, but with meetings and constructive debate it was finally included on the agenda and in the negotiation.

However, interests are not only restricted to the agenda, but there is also an array of interests that are made visible thanks to the group’s flexibility. With an established G20, this platform becomes a valuable springboard for bridging positions and negotiations that are often not part of the group itself, nor of its negotiations. This dynamic has been particularly noticeable in recent years due to heightened geopolitical tensions. For example, some members have played the role of mediator, as was the case of the recently deceased Japanese Prime Minister Shinzo Abe, who during his presidency in 2019 travelled to Iran to try to reconcile positions between Iran and the United States, due to alleged incidents in the Gulf of Oman. Iran is not a member of the G20, but Japan is a clear ally of the United States, which reveals the importance of having diplomatic alliances that serve as mediators, without the need to resort to the classic institutional form.

Similarly, tensions in Afghanistan in 2021 also reached the G20 without overshadowing the process, but revealing the divergence of interests. Italian Prime Minister Mario Dragui convened a remote meeting—in his capacity as organiser of the G20—to discuss the need to support the country after the withdrawal of U.S. troops and the humanitarian chaos. This issue quickly revealed the opposition between the members, with China and Russia refusing to discuss the issue at the G20, both leaders decided not to attend the remote meeting, thus showing their disdain for the meeting and opting to send officials on their respective missions. Instead, the alignment of interests on the part of both the Biden administration and the European Union would materialise, agreeing to USD 1.5 billion in financial support for Afghanistan.

Recently, in the backdrop of the war in Ukraine, the 2022 G20 hosted by Indonesia has been the scene of high tensions between Western forces and Russia. Russian Foreign Minister Sergey Lavrov is reported to have walked out of the meeting with his counterparts in Bali, due to alleged

⁶ Cited in Peter Ryan, “China Accused of Trying to Block Anti-corruption Principles at G-20”, in ABC News, November 5, 2014, at <https://www.abc.net.au/news/2014-11-05/china-accused-of-blocking-anti-corruption-principles-at-g20/5868190> (date of access: May 14, 2022).

refusals and rejections to be photographed with him (at a preparatory meeting for the process), as well as open claims of Russian military intervention in Ukraine. The G20 does not address this conflict, but once again exposes the divergence of views and understandings of the world. Also, for the first time in the group's history, many leaders called on G20 host Joko Widodo to withdraw the invitation to Vladimir Putin to attend the G20 summit in Bali in November 2022. This request was rejected, as no member has the right to withdraw invitations, thus opting for the neutrality that is part of the group's tacit agreement.

All these ups and downs are part of the process leading up to the leaders' summit. There are no rules of procedure *stricto sensu*, but there is a complex mechanism agreed upon by all members. Basically, once the agenda has been proposed, its implementation will be divided into two main channels: the financial track, which will deal with all the technical aspects, essentially attending to the needs of financial and economic governance, and the Sherpa track, which concerns all those aspects that are not technical, such as development, infrastructures, agriculture, energy, etc.

Both channels are managed by the host Sherpa who oversees the entire *sui generis* dichotomous working method, which will include specialised working groups in each area and, above all, meetings at ministerial level of the members of each of the areas to be addressed (finance, agriculture, education, health, development, energy, environment, etc.). In all of this, the active participation of numerous sectors of civil society is also tangible, providing both reports and recommendations. This participation is diversified, with the emergence of groupings such as the G20YES (Young Business Leaders), B20 (Business 20), L20 (Labour 20), T20 (Think 20), W20 (Woman 20), C20 (Civil 20), U20 (Urban 20), in which some twenty members corresponding to the members of the group participate, directly giving rise to a global response to the emergence of the G20.

All this machinery is, in the words of specialist Karoline Postel-Vinay, "a political-administrative apparatus organised around the Sherpas",⁷

⁷ Karoline Postel-Vinay, *Le G-20, laboratoire d'un monde émergent*, Paris, Presses Sciences Po, 2011, p. 53.

which is why the leaders rely on it to make decisions. However, the Mexican Sherpa Lourdes Aranda qualifies this, pointing out that “the Sherpas are useful as guides on the expeditions, but it is the leaders who finally manage to make progress on the issues and take the political decisions that provide global solutions: it is their flag that flies at the summit when they reach it”.⁸ Finally, both the Sherpas and the deputy finance ministers draw up a draft a day before the summit. The leaders are the protagonists who debate, seek consensus and above all decide, trying to bring positions closer together and translate them into measures agreed in the final declaration. This is the great added value of the group, a pragmatic, informal meeting, with a human approach whose potential depends on political will.

Some interesting contributions emerging from the G20

The space for reflection offered by the G20 forum has been decisive in promoting global initiatives of various kinds, some of them in the areas of food security, infrastructure and even a new relationship with Africa. This trend has been particularly noticeable since 2011, when the French presidency placed the debate on food security on the agenda. Faced with the high volatility of food prices on the international market, France, with its regulatory tendency, specifically proposed the creation of a mechanism to regulate certain commodities as a strategic part of food security. This proposal, which was debated during the first meeting of the G20 agriculture ministers, did not receive the required support, given that some governments pointed out that the markets functioned well with this deregulated way of operating. Despite this negative view, the G20’s input has been of value, as the creation of the Agricultural Market Information System (AMIS) operated by the Food and Agriculture Organisation of the United Nations (FAO) was promoted.

⁸ Lourdes Aranda Bezaury, “¿Qué es un sherpa en el Grupo de los Veinte?”, *El Financiero*, March 12, 2012, p. 4.

AMIS is now a new tool in which all the G20 countries participate as well as Spain (including other major grain-producing countries), offering analysis and information, demand forecasts and supply for the four main grains: wheat, maize, rice and soya. This qualitative step shows the desire to offer greater transparency on market fluctuations in order to avoid tensions and volatility. Given the conflict in Ukraine, is AMIS a useful initiative to provide answers to the unusual tension in the commodities markets? Although AMIS has no regulatory power, it is currently trying to find alternatives so that the country at war can find ways to export its grains (Ukraine is the fifth largest exporter of wheat in the world), a necessity both for the Ukrainian people and for the stability of markets that are reaching historic levels of volatility and rising prices.

Since 2022, Mexico has chaired the AMIS mechanism, showing concern and ability in promoting joint work among G20 members and other grain trading countries. In May 2022, AMIS, in addition to calling for global coordination, warned about the importance of working together so that the crisis in Ukraine does not cause a global food crisis and recommended that countries do not apply unilateral trade policies that lead to the imposition of export restrictions, as this would prolong uncertainty in the markets and affect the most vulnerable.⁹ AMIS is a mechanism that makes the complexity of food security evident through reliable information, but it is insufficient because it lacks regulatory power.

On the other hand, another of the novel initiatives developed within the G20 is the creation of the Global Infrastructure Hub (GI Hub) in 2014 during Australia's presidency. In response to the consideration of how to boost global growth, Australia put the issue of infrastructure on the agenda, proposing the creation of this centre to promote investments from both the public and private sectors, weaving a network of collaboration between governments and development banks. The centre involves G20 members as well as New Zealand and Singapore. The G20 recognised that it had a strong platform capable of sharing the expertise needed to effectively

⁹ Agricultural Market Information System (AMIS), "The War in Ukraine and the Challenge to Global Food Security", May 20, 2022, at http://www.amis-outlook.org/fileadmin/user_upload/amis/docs/market_group_21/Chairs_statement_19_May_2022.pdf (date of access: June 20, 2022).

manage and finance any infrastructure project, so it supported the creation of the Sydney-based centre, established in late 2014 for an initial four-year period, funding was agreed at USD 50 billion, with Australia as the major creditor, but also China, Republic of Korea, the United Kingdom, Mexico, Saudi Arabia, Singapore and New Zealand are providing funding.

Far from disappearing, the GI Hub is now well established as a useful mechanism for generating sustainable infrastructures in line with climate and economic challenges. GI Hub executive director Marie Lam-Frendo notes the complexity of the current landscape, with the unfinished phase of COVID-19 and the war in Ukraine generating global inflation and a toxic atmosphere of low growth, “the flow of private capital into infrastructure is stagnating at a time when investment in sustainable infrastructure is essential to addressing the climate crisis”¹⁰ and announces that the G20 in coordination with the OECD and the WB are creating a framework for action to address the accessibility and speed of investment.

Likewise, from an investment perspective, the G20 has opted to create a specific strategy for the African continent, abandoning the outdated donor-recipient approach to create working alliances that generate stability on the continent. With this perspective, the German presidency of the G20 in 2017 launched the Compact with Africa (CwA) initiative to attract private investment to African countries by improving their financial, macroeconomic and business frameworks. While 7 countries joined in 2017, today this initiative has 12 members (Benin, Burkina Faso, Côte d’Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia) that work closely with the IMF, the WB, the African Development Bank and, of course, the G20. Specifically, work is carried out through compact teams whose mission is to identify priorities and needs, as well as to remove possible obstacles to investment.

This structure allows knowledge and expertise to be shared among partners bilaterally and multilaterally, helping to generate greater investment in the country, and thus the development of more dynamic and attractive

¹⁰ Marie Lam-Frendo, “Addressing the Climate, Economic and Infrastructure Crises with Sustainable Infrastructure”, in Global Infrastructure Hub, July 11, 2022, at <https://www.gihub.org/articles/addressing-the-climate-economic-and-infrastructure-crises-with-sustainable-infrastructure/> (date of access: July 13, 2022).

economies, creating jobs and long-term growth. But is this new form of cooperation with Africans really enough in terms of global governance? For Hannah Ryder, these G20 initiatives are insufficient, arguing that “like the European Union, the African continent could easily be represented in the G-20 by the elected African Union Commission chair”, noting that “for too long, the multilateral agenda has been set by others on behalf of Africa. [...] The recognition of Africa’s decision-making capacity and agency—for example, by becoming the 21st member of the G-20—could make a huge difference”.¹¹ A debate that is not yet on the table.

According to the *CwA May 2022 Monitoring Report*, it sets out and analyses how the CwA can help reap benefits for its members, for example in the African Continental Free Trade Area (AfCFTA). This 54-country trade area (43 countries have already ratified it) would be a great opportunity for growth and poverty reduction for Africa: “[the] CwA can serve as a vehicle to enable investments and institutional capacity aligned with domestic priorities in individual member States”.¹² It is therefore questionable whether the G20 will continue along the same line of rapprochement towards Africa or whether it plans to develop even closer collaboration and even whether in the future there might be a possibility of modifying the group’s core membership.

How does the G20’s influence and weight in international fora and organisations translate?

In the interest of establishing global financial stability, the G20 is the actor that will use its broad representativeness to adapt and modernise certain

¹¹ Hannah Ryder, “Africans Need more Seats at the Tables of Power”, in *Foreign Policy*, February 7, 2022, at <https://foreignpolicy.com/2022/02/07/african-union-multilaterals-more-representation-g20/> (date of access: May 30, 2022).

¹² World Bank, International Monetary Fund, African Development Bank, *CwA May 2022 Monitoring Report*, s/l, G20 Compact with Africa (CwA), May 2022, p. 34, at <https://www.compactwithafrica.org/content/dam/Compact%20with%20Africa/reports/cwa%20Monitoring%20Report%20-%20May%202022.pdf> (date of access: March 2, 2023).

existing bodies. The first of these was the FSF, created in 1999 by the G7 to promote better financial stability. This forum was situated on the premises of the older monetary organisation that is the Bank for International Settlements (BIS) based in Switzerland. The FSF housed the G7 members in addition to Switzerland, Hong Kong, Australia, Singapore and the Netherlands, a membership that was clearly outdated in the face of new international dynamics. The FSF was the first forum where the weight of the G20 could be seen, as the leaders quickly decided to extend membership to all members of the group (plus Spain). Its evolution has been gradual over the years, from a forum to a council structure (now the Financial Stability Board, FSB), with reinforced missions, an advisory committee and specialised committees.

The leaders agreed that the new face of the FSB had to acquire more and more political backing, they agreed in 2011—during the Cannes Summit—that this body would have to be institutionalised. A sensitive issue in the eyes of the international community, perplexed as a handful of political leaders decided on possible global implications. That discomfort did not prevent leaders at the 2012 Los Cabos Summit the following year from endorsing the new Council's charter, supporting its strengthened role as a promoter of international standards and recommendations, and establishing closer work with international organisations such as the IMF. The Council has become the necessary arm that the new face of this century demands. For example, in 2011 the FSB drew up—at the request of the G20—a list of large, complex and systemically interconnected banks, commonly known as *too big to fail*, that could cause disruption to the international financial system. This list was particularly useful, as it was recognised that these institutions required specific supervision, particular requirements and new international standards.

In the same regulatory vein, the G20 is flexing its muscles through changes to and expansion of the membership of the Basel Committee on Banking Supervision, commonly known as the Basel Committee. This body created by the G10¹³ is of vital importance to the functioning of the

¹³ The G10 was born in 1963 and comprises 11 IMF member countries that granted additional funds to quotas through general agreements.

international financial system as its “function is a technical one, based on cooperation between central banks. However, although it has no legal power, its power is implicit”.¹⁴ It is a body that, without apparent legitimacy, directly influences states because it analyses and studies the amount of capital that banks must hold, and as a result, jurisdictions abide by these rules.

With fears about inadequate oversight of financial banking systems, the G20 took the lead and decided at its first summits (2009-2010) to extend membership to all members of the group and called for the development of new international standards, with oversight at both the micro-prudential (individual supervision) and macro-prudential (banking system-wide) levels. The Basel Committee became the body that defined international banking rules by the mere will of the leaders, creating a much broader framework for action both in terms of its members and its own regulatory evolution, setting out the need for greater requirements for the quantity and quality of capital, countercyclical capital buffers, etc. These measures modernised the organisation and, above all, brought it into line with global demands. These measures were christened Basel III, a trend that *per se* marks a before and after in the life of the Committee.

Another of the organisations where the G20's political influence is most evident is the IMF. For the first time in history, leaders of developed and emerging countries reflected on what new tasks the institution should take on, how best to adapt to new needs, what instruments should be strengthened and how much resources should be allocated. The IMF was unable to predict the coming financial collapse, so it was clear that it was an institution that also needed to be modernised and better adapted to global dynamics.

The IMF was one of the first organisations to occupy a central place on the agenda. The three summits held throughout 2009 and 2010 were essential for its revitalisation, specifically “a massive increase in resources to the institution was agreed, SDRs [special drawing rights] were revitalised and a quota reform was agreed where a transfer of more than 6% of voice and vote to the emerging countries would be agreed”.¹⁵ These agreements were

¹⁴ I. Ordóñez Núñez, *op.cit.*, p. 114.

¹⁵ *Ibid.*, p. 116.

the new face of the institution where the influence of the G20 can clearly be seen, because massive and urgent capitalisation was historic (USD 850 billion), not only in terms of volume, but also in terms of allocation. Emerging countries became major creditors of resources that would be allocated to many developed countries. This new landscape required qualitative changes in both the functioning and internal governance of the institution.

The IMF is financed through the contributions of its members, which in turn determine their influence in the organisation through the weighting of votes. The transfer of voice and vote from the developed to the emerging countries encountered some difficulties on the part of the United States, whose Congress refused to accept this reform since it is the largest shareholder (15%), and therefore has the largest number of votes and veto power. Finally, after years of stalemate, in 2016 this reform became effective, benefiting the BRICS,¹⁶ and thus recomposing the new shareholding face of the group, with 17 G20 members in the top twenty. This also had consequences for the composition of the executive board, as all 24 members will be elected, abandoning the usual practice of setting five directors corresponding to the top five shareholders.

These forums and organisations have directly witnessed the arrival of the G20 on the international scene. Today, far from fading away, the G20 survives with indisputable weight and international recognition. Despite its apparent informality (lacking a founding charter), it is an actor of growing relevance due to the overwhelming economic, political, demographic and commercial weight it embodies. At present, organisations such as the United Nations, the OECD, the European Union and others make requests to the G20, explicitly recognising its place among the international community.

¹⁶ With the new quota reform, the BRICS undergo changes, with Brazil moving from fourteenth to tenth place, Russia from tenth to ninth, India from eleventh to eighth and China from sixth to become the group's third largest shareholder.