Chapter 4
The EU and Global Economic Governance: Playing the Role of a Global Leader?

Rikard Bengtsson

4.1 Introduction: New Preconditions, New Challenges: Global Economic Governance in Transformation

The global political economy is in a process of fundamental transformation. Symbolized by the rise of China and the American pivot to Asia, geopolitical and geo-economic processes are converging to form a major global shift centering on the Asia-Pacific. The implications of this for the Asia-Pacific as well as for the rest of the world, Europe included, largely remain to be seen. There are indications, however, that within the area of international organization, dramatic changes are under way in the direction away from embedded multilateralism into weaker forms of institutionalization. Perhaps the most evident example of this concerns the elevation of the Group of Twenty (G20) into the premier forum for global economic governance. Such developments are of key concern to the European Union (EU), given its values-based foreign policy and, specifically, its institutionally-oriented approach to multilateralism, at a time when consecutive crises have severely impacted its actorness. To what extent has the EU been able to promote its norms and standards in the emerging economic governance structures? Are EU norms and ideals accepted by other key actors on the global stage?

The development outlined above falls into a broader set of questions related to how existing multilateral institutions function today in view of globalization processes, new challenges and the emergence of new global and regional powers, and what needs and prospects for reform there are. The increasingly dense webs of interconnectedness and interdependence, a key reflection of growing globalization, arguably contains an enhanced community of interests among states and non-state actors and, as a result thereof, increasing calls for novel global solutions and

R. Bengtsson (✉)
Department of Political Science, Lund University, Lund, Sweden
e-mail: rikard.bengtsson@svet.lu.se

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organizations. Simultaneously, conflict and competition seem to increase in today's world—although in a non-military fashion, a fundamental change compared to previous periods in human history.

If anything, it could be argued that the need for global governance is greater than before—processes of specialization of production and intensification of trade mean that countries and corporations are more interdependent than before in complex global value chains and that the system as such is vulnerable to disruptions of various sorts. Also, financial flows have increased dramatically in recent years, due to deregulation as well as technological developments. Foreign direct investment (FDI) trends are changing and developing economies are now receiving more FDI as a group than developed economies—a historical global shift that also reflects China's changing role in the global economy. A mismatch between the Bretton Woods institutions as they were developed in the 1940s and how the global economy has evolved is thus becoming all the more apparent. This is, in part, because new leading actors are emerging with different sets of preferences—for instance, regarding multilateralism—and, in part, because the global political economy as a system of interaction is changing in nature.

4.1.1 Conceptualizing the EU in Global Governance

This new setting begs basic questions about the future of multilateralism and how global governance instruments are to be designed. Typically, international cooperation is plagued by the dilemma of balancing efficiency and democracy. Many critics of conventional multilateralism such as the United Nations-based order refer to its lack of effectiveness as a reflection of the vast number of participants. Critics of exclusive (i.e. great-power-based) orders encompassing just a few participants, such as the Group of Eight (G8), on the other hand, point to problems of representation and transparency. Both perspectives underline the centrality of legitimacy, either as input or output legitimacy. At the heart of the notion of legitimacy is the right to govern and be supported, or at least tolerated, by those governed. The legitimacy concept is thus two-fold: 'rightful membership' and 'rightful conduct' (after Clark 2005).

The development of the G20 into the central forum for global economic governance encompasses this dilemma of striking the 'right' balance between seemingly contrasting values. As argued by Slaughter (2013) the G20 can be viewed as a policy response trying to achieve two ends at the same time—maximizing the political legitimacy for coordinated action, and maximizing the effectiveness of such a response. The G20 format thus resembles what could be called elite multilateralism (Haass 2010) or minilateralism, conceptualized as 'the smallest possible number of countries needed to have the largest possible impact on solving a particular problem' (Naím 2009, p. 135). Such a perspective underscores the necessity of creating a legitimate order in the eyes of those included *as well as* those excluded. While powerful states inside the G20 are of critical importance for leadership and implementation, and hence for legitimating the institution, it is ultimately the outsiders who determine the actual degree of legitimacy (which underlines the importance of perceptions, expectations, feelings of inclusion etc.). Thus, restricted or exclusive forms of multilaterialism imply a focus on the notion of representation. In order for an arrangement to be deemed legitimate in terms of representation, non-members must feel adequately represented by those on the inside. In the G20 this is a key issue not least among developing countries. The evolution from G8 to G20 means that major developing countries, such as China, India and Brazil, are included as members, but to what extent are they representing developing countries outside of the G20? This is also a key issue for the EU, given that a few EU member states are G20 members in their own right, along with the EU in its institutional capacity, but the vast majority of EU members are not directly represented at the level of heads of state and government.

The G20 and preceding G forums were set up 'outside the normal protocols of multilateral international law and the United Nations' (Slaughter 2013, p. 43) and are largely lacking constitution, secretariat and budget. As a consequence, they have no capacity for independent policy development. Instead, member state governments are decisive, which raises the important questions about membership, representation and legitimacy introduced above. Certain measures of institutionalization have been suggested in recent years, but the overriding format of great power summitry remains. This may come as no surprise given the profile and nature of the membership—great powers often do not want to be bound by the same set of rules as ordinary countries; as is often argued, great powers rarely make great multilateralists.

Where does this leave the EU, given that the foreign policy of the EU and its member states is (to varying degrees, admittedly) built on the centrality of a rules- and an institutions-based global order? To what extent have European actors in the G20 been successful in promoting European values and standards? These questions can be addressed through the prism of leadership. Leadership may be defined as 'an asymmetrical relationship of influence in which one actor guides or directs the behaviour of others towards a certain goal over a certain period of time' (Underdal 1994, p. 178) and may come in various forms, for instance utilizing structural preconditions, entrepreneurial possibilities within institutional arrangements, and discursive resources regarding agenda-setting and framing of substantive issues. In what ways, if any, are the EU and European states playing a leadership role in developing global economic governance?

The chapter begins with a discussion on the expanding 'minilateralism' of the G20 while situating the EU in this evolving context. In so doing, the chapter reflects upon the politics of representation and legitimacy of these far from uncontroversial developments. Furthermore, the chapter assesses the performance of the EU and the distinct role of individual EU Member States in the G20 context. Returning to the question of whether or not the EU and the European actors play a leadership role in the G20, and in effect promote European norms and ideas on the global level, the concluding analysis suggests that the European influence has decreased in recent years despite substantial representation and agenda-setting potential.

4.2 From G7/8 to G20: Expanding Minilateralism?[1]

4.2.1 *Aims and Rationale: First Crisis Management, Then What?*

The original aim of elevating the status of the G20 to the level of heads of state and government was to restore confidence and lay the foundation for renewed growth and financial stability. Beyond immediate crisis management, a broader aim has developed that focuses on defining common development goals and establishing consensus as to how to achieve these goals. In so doing, the G20 allots for itself the role of agenda-setter and broker—laying the foundation for the operative work of and implementation through international organizations, not least the Bretton Woods institutions (the International Monetary Fund (IMF) and the World Bank group (WB)) and the World Trade Organization (WTO). This peculiarity—that agenda creation, definition of reform needs and consensus-building takes place in a small group which is then to guide the implementation in organizations with broad membership—creates a legitimacy problem. The authority and legitimacy of the G20 thus depends on the ability of the group to form consensus and deliver results in key issues of global economic governance. But differing views of what constitutes these key issues as well as how to deal with them means that the G20 is potentially vulnerable and susceptible to continued, potentially increasing, criticism.

4.2.2 *Membership*

As regards membership, there are no formal criteria for G20 membership, but the initiators (especially American and Canadian finance ministers) stressed that member states ought to be 'systemically important', i.e. the forum should include the largest economies in the world. Partly contradicting that economic perspective, another conventionally agreed consideration was geographic/regional balance. At the same time, effectiveness, implying a limitation of the number of participants, was a key concern. And, as in so many other contexts, membership also rests on political considerations rather than strict criteria. All-in-all, the outcome approximates the 20 largest economies in the world, but still excludes major economies such as Iran, Taiwan and Poland, and includes Argentina and South Africa instead.[2] A peculiarity of sorts is that in addition to 19 states, also the EU as an entity is a member. It has

[1] Factual information about the development of the G20 in this section is primarily drawn from the G20 website; for introductory analyses, see Jokela (2011a); Kirton (2012).

[2] G20 members are Argentina, Australia, Brazil, Canada, France, Germany, India, Indonesia, Italy, Japan, Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States and the European Union. The G20 countries account for approximately 85 % of world GDP, 80 % of world trade, 65 % of world agricultural land and 77 % of production of grain.

not been granted the right to chair the group, however; the G20 remains in that sense squarely an intergovernmental construction.

The membership profile—size and content—raises important governance questions about representation and legitimacy. As a reflection of this and deepening interdependence, a practice of inviting non-members to summits has developed in the G system. Notably, in 2005, Prime Minister Blair, as chair of the G8, invited Brazil, China, India, Mexico and South Africa, a move which became institutionalized at the 2007 summit (during Germany's presidency), in what later came to be known as the Heiligendamm Process. This practice has continued in the G20 context, and it has been expanded to international organizations.[3] In addition to this summit practice, certain countries utilize an 'outreach' strategy in their region to enable a form of 'proxy representation'. Australia is a good example of this in relation to New Zealand and other states in the region.

The G20 has stimulated interorganizational cooperation that probably would not have taken place otherwise. Because of this, there is an indirect possibility of influencing for those outside the G20. At the same time, it is obvious that if the G20 countries have established a consensus, it is in principle impossible to promote any alternative viewpoint.

In the European context, the inclusion of the EU as an institution potentially grants a degree of representation for smaller EU states. However, the institutional redesign through the Lisbon Treaty, in which the rotating presidency was abolished in external relations, diminishes this; representation depends largely on the actions of the large individual members. Jokela argues: 'Fears that the institutionalization of the European Council with a permanent President would further empower the largest member states have grown stronger under the current crisis situation' (2011b, p. 8). At the G20, the EU is represented at the leaders' level by both the Council President and Commission President. It should be added that in addition to Germany, France, the United Kingdom and Italy as permanent European members of the G20, Spain has come to be granted the status of permanent invitee.

4.2.3 Genesis: Cooperation in the Format of G20 Finance Ministers 1999–2008

The G20 was founded at a Group of Seven (G7) finance ministers' meeting in September 1999. The first meeting of G20 finance ministers and heads of central banks

[3] France (2011) invited the chairs of the African Union (AU), New Partnership for Africa's Development (NEPAD) and Gulf Cooperation Council (GCC), while Korea (2010) invited the chair of Association of South-East Asian Nations (ASEAN). Canada (2010) invited the Netherlands while Mexico (2012) invited Chile, Colombia and Ethiopia. Russia (2013) invited Ethiopia (chair of AU), Senegal (chair of NEPAD), Kazakhstan, and Singapore (chair of Global Governance Group (3G)) among others. The UN Secretary General is present at all leaders' summits, as are the heads of the IMF, WB, WTO, the Organization for Economic Cooperation and Development (OECD) and the Financial Stability Board (FSB). In addition, at Los Cabos (Mexican Presidency 2012), the heads of Food and Agricultural Organization (FAO) and the International Labour Organization (ILO) were in attendance.

was held in Berlin in December 1999. The rationale for global economic governance is to be found specifically in the Asian crisis, and more generally in the realization that in a deeply interdependent and interconnected world, vulnerabilities have increased and the simplistic dichotomy of North and South is no longer relevant in the same way as before. The G20 replaced the Group of 33 (G33) and the Group of 22 (G22), which had been established a few years earlier.

Annual meetings at the level of finance ministers were held for a number of years, based on a rotating chairmanship. In connection to a G7 meeting in October 2008—at the height of crisis after the fall of the Lehman Brothers—President Bush proposed that a G20 meeting should be convened in Washington in November that same year at the level of heads of state and government, for the purpose of collective crisis management of the global economy. Interestingly, from the perspective of European influence, the push for the meeting came through an initiative by President Sarkozy and Prime Minister Brown. Since 2008, G20 summits at the level of heads of state and government have taken place once or twice annually and, as we will see, the leaders have designated the G20 as the premier forum for global economic governance.

It should be noted that meetings of finance ministers have continued also after the initiation of the leaders' summits, among other things to prepare these summits. During the 2013 Russian presidency of the G20, five such meetings were taking place.

4.2.4 Upgrade 2009–2010: From London and Pittsburgh to Seoul and Toronto

Of key relevance for the continuation of the process was and still is the relationship between the G20 and the Bretton Woods institutions. The foundation of the upgrading of the G20 to its key position is to be found in the concluding declaration of the first G20 summit of heads of state and government in Washington, stating that

> we underscored that the Bretton Woods institutions must be comprehensively reformed so that they can more adequately reflect changing economic weights in the world economy and be more responsive to future challenges. Emerging and developing economies should have a greater voice and representation in these institutions. (G20 2008, p. 10)

Since then, every G20 meeting has contained discussions of multilateral governance, especially at Pittsburgh (September 2009) and Seoul and Toronto (both 2010). As a consequence, the IMF and WB have decided on reforms to increase the say of emerging and developing economies. In the IMF, the result is that the voting weights of these countries increased by 2.6–44.7 %, with the corresponding decrease for developed economies. Herein lies a controversial issue: Given that these issues were settled in the G20 rather than in the respective institutions meant that most countries did not have a direct say in the negotiations. Further quota rebalancing is to be expected, and the same problem will appear again (for instance in relation to the 2015 shareholding review in the WB).

The Pittsburgh declaration is significant in terms of upgrading the status of the G20—participants 'designated the G20 to be the premier forum for our international economic cooperation' (G20 2009, p. 3).[4] The likelihood that this will materialize in formal terms (some kind of arrangement in which the Bretton Woods institutions are made formally subordinate to the G20) must be considered quite low, but a de facto development of this kind is arguably already under way and, as such, is much more problematic from the perspective of accountability and transparency.

In terms of concrete outcomes during the upgrading process, it can be noted that calls, not least from many European countries, for improved regulation resulted in the Financial Stability Board (FSB) at the G20 London meeting (April 2009).

Another sign of the upgrade is that the G20 agenda has gradually broadened after the initial crisis management summits to include development issues and climate change. In Seoul (2010), development issues (including food security and commodity price volatility) were introduced on the agenda, resulting in the so-called Seoul Development Consensus for Shared Growth. This outcome is a clear indication of the possibility that the country holding the presidency can influence the agenda. In this case, as the forum provided an opportunity for South Korea to showcase its transformation from a poor developing country to a successful and internationally important actor providing development aid for others (for further analysis, see Gnath and Schmucker 2011; Cherry and Dobson 2012).

The climate issue has been addressed in all declarations from the last few years, in the form of expressions of support for the UNFCCC process, although no substantial negotiations have taken place. While the G20 will not replace other forums in the environmental field, it could still become the political clearinghouse also in this field. Looking at the summits in Brisbane in November 2014 and in Turkey in Fall 2015 will be important in this regard.

It should be noted that there is a broad consensus in the group not to move into the area of foreign policy proper, and not to deal with issues regarding democracy and human rights—a reflection of the self-interests of the governments concerned, which comes as no surprise in a constellation that includes Saudi Arabia, China and Russia among its members.

4.2.5 Consolidation: Cannes Onwards

The process described above has been consolidated in recent years. Summits have been less frequent (annual meetings since 2011), reflecting the somewhat less acute economic situation. Little new came out of the Cannes 2011 meeting, meaning that status quo powers rather than proponents of alternative regimes won out. The major focus of the 2012 Los Cabos meeting was thus to reinvigorate the process, or as Giles put it in the *Financial Times* (2012): 'After a string of failures, the task for

[4] As time has passed, the word 'our' has often disappeared, and Russia has now taken this one step further by designating the G20 the 'steering group for the global economy'.

the Los Cabos G20 summit is to stop the rot and prevent the organization becoming irrelevant.' Whether that will succeed in the long-term perspective is perhaps too early to say, but significant progress was made in 2012 on designing new global rules on e.g. derivatives, credit rating agencies, gathering and keeping of financial data, and systemically important financial institutions, or so-called 'sifs'. Moreover, in February 2013, G20 finance ministers agreed to avoid precipitating currency wars through competitive devaluations and targeting of exchange rates. Rather, they resolved to let market forces determine exchange rates based on fundamentals.

On the declaratory level, the Los Cabos conclusions (18–19 June 2012) emphasized:

> Despite the challenges we all face domestically, we have agreed that multilateralism is of even greater importance in the current climate, and remains our best asset to resolve the global economy's difficulties. … we will intensify our efforts to create a more conducive environment for development. (G20 2012, p. 1)

It can be noted that that 'inclusive green growth', development issues and corruption all feature prominently in the declaration. The text can also be read as a proclamation of the self-image of the group:

> In light of the interconnectedness of the world economy, the G20 has led to a new paradigm of multilateral co-operation that is necessary in order to tackle current and future challenges. The informal and flexible character of the G20 enables it to facilitate international economic and financial cooperation, and address the challenges confronting the global economy. It is important that we continue to further improve the transparency and effectiveness of the G20, and ensure that it is able to respond to pressing needs. (G20 2012, p. 14)

Finally, another feature of the consolidation of the G20 should also be mentioned, namely its promotion of increasing contacts with civil society in the form of Business 20, Labour 20, Civil 20 and Think 20, among other constellations.

This period is largely marked by one of less proactive European profiles: the Cannes agenda, to take but one example, was overshadowed by the Eurozone sovereign debt crisis, and it was evident that the EU was weakened in its normative argumentation and agenda-setting position as a result of its internal problems (Jokela 2011b; interview Swedish government official 10 September 2013). Having said that, no one else has stepped forward as a clear leader of the G20 and the forum has not developed dramatically in a direction opposed to EU interests. Rather it seems to have taken on a different role than that of a crisis management committee. Luckhurst (2012, p. 755) argues: 'Once the initial crisis appeared to dissipate in late 2009, so did the willingness to compromise and maintain strategic cooperation within the G20. …there have not been further substantive initiatives from this group to match what was achieved in April 2009.' This also means, in effect, that the weak form of multilateralism it represents remains the organizing principle.

4.3 The Politics of Representation and Legitimacy

G20 has become a consensus mechanism among major economies and a catalyst for decisions in other international forums (IMF, WB, WTO, ILO), i.e. playing the role of global agenda-setter—it is the node of a system of international institutions and regulations. As we have seen, recent IMF reform was decided through the G20, as well as the refinancing of the IMF.

This process is not only about substantive remedies and solutions to economic crises (and potentially other issues). It also reflects the principally important issue of design of global governance regimes. States in the G20 and generally proponents of the current system argue from the standpoint of output legitimacy—there is need for effective governance of the global economy, i.e. providing global public goods, which points to the importance of leadership and encompassing the world's largest centres of population and economic activity. On the contrary, one could argue, as Slaughter, that 'effectiveness alone is not enough to sustain global forms of governance and capitalism' (2013, p. 44); rather, the arrangement must also be recognized as legitimate from an input or participatory perspective.

The development is thus not uncontroversial. The former Australian Prime and Foreign Minister Rudd is a staunch supporter: 'The G20 is the best blend of legitimacy and effectiveness the international community has had so far in dealing with the great challenges of the global economy' (cited in Slaughter 2013, p. 50). Others take a more critical standpoint. Swedish Prime Minister Reinfeldt (representing the EU at the Pittsburgh summit as Sweden was holding the EU Council Presidency) has argued that 'it should be self-evident that the countries affected by the G20's decisions should also have been allowed to have their say in making them' (Reinfeldt 2009). Norwegian Foreign Minister Gahr Støre has gone a step further in describing the G20 as

> one of the greatest set-backs since World War II… the G20 is a grouping without international legitimacy… The G20 composition is determined by the major countries and powers. It may be more representative than the G7 and the G8… but it is still arbitrary'. (Der Spiegel 2010, see also Slaughter 2013, p. 49)

Criticism can also be found in the form of institutional counter-developments, notably the formation of the so-called Global Governance Group (or 3G), consisting of 30 small and middle powers led by Singapore. The group, which defends the UN multilateral system, was formed in the spring of 2009 in New York on the initiative of Singapore. It has members from all parts of the world, sees itself as a counterweight to the G20 and promotes multilateral solutions and the interests of small states. The group contains countries such as Botswana, Chile, Malaysia, New Zealand, the Philippines, Vietnam and Switzerland—and three EU countries (Finland, Luxembourg and Slovenia), which invites interesting questions about potential tensions within the EU. The group is becoming increasingly institutionalized and has held seven ministerial meetings. The main task of 3G is described as working for 'a more effective, accountable and inclusive framework of global governance' (Global Governance Group 2013), for instance through more transparency in G20 generally and briefings in the UN before and after G20 summits. The UN is considered the backbone of a legitimate global order—the UN is "the only global body with universal participation and unquestioned legitimacy—the actions and decisions of the G20 should complement and strengthen the United Nations system" (Global Governance Group 2013). The 3G group is thus not opposed to the G20 per se, but finds the question of representation problematic as so many are affected by its decisions but are left out of the decision-making process. Additionally, it maintains that the G20 should be limited to economic and financial matters, rather than broaden its agenda: "The controversy over the G-20's role has been further fuelled as its agenda has broadened beyond core economic and financial issues" (Global Governance Group 2011). The group has asked to be systematically consulted in the G20 process. Its opinions have not gone unnoticed, and the chair of the group is now invited to the G20 summits.

What is then the EU view of the G20 in light of debates about weakening multilateralism? Reflecting changing preconditions of governance, the perspective taken is often one of output legitimacy (for overviews, see the European Commission 2013a). According to a (quite explicit) contribution by the EU Delegation to the United Nations on UN reform, the G20

> can play a catalytic and or/supportive role in specific areas, such as economic policy, development, financial sector reform, trade, energy safety and security, environment including climate change, and health… the G20 can… provide the political momentum in areas where the UN may find it more difficult to galvanise action. (EEAS 2011, p. 5)

The backdrop is primarily one of lack of efficiency at the UN level:

> In many instances, moving from broad consensus to a more operational policy-making and actual coordinated delivery of measures on the ground has been hampered by some outdated debates reflective of a North-South logic which no longer defines international relations. This severely restricts the capacity of the UN to play its full role in global economic governance. (EEAS 2011, p. 5)

Therefore, from an EU perspective, agenda development is of critical importance after the initial crisis years, as evident in the Seoul Development Consensus for Shared Growth, given that the ambition is to create a *global* system of regulating capitalism.

It may be fruitful to reiterate here that the G20 is not based on formal international treaties like other organizations but on a selective and informal agreement among participants. Rather than producing formal texts, then, it becomes largely a matter of discursive influence. But, crucially for the EU, can such an arrangement be a norm promoter in global politics? Again, the issue is decided by the recognition that non-members grant the group—minilateralism may prove legitimate, if it can deliver global public goods that the multilateral order cannot.

As an illustration, Director General Pascal Lamy spoke of WTO reform (September 2012) in terms of the 'crisis of multilateralism', arguing that 'multilateralism is struggling…. the WTO is one of the most successful examples of rule-based multilateralism at work…. but our members' difficulties to agree to update our rulebook also demonstrates that the WTO is not immune to the geo-economic and geopolitical transformations of our time' (ibid.). Again, the role of the EU, as a key trade actor, is underlined.

4.4 EU Performance at the G20

Given the great European presence in the G20—in all seven representatives, including member state representatives, EU institutional representatives and Spain as permanent invitee—favourable preconditions exist for substantial European influence in the G20 process. Resembling a 'most likely'-design, one could venture the argument that if Europe is not successful in getting its way in this context, less favourable settings will likely present problems in terms of European impact.

One overriding observation is that the EU and European states were instrumental and influential in the early phase of the G20 at leaders' level. To begin with, it was Germany and France that pushed the US to utilize the G20 for crisis management. Also, the London summit, largely perceived as a success, consolidated the forum substantially in deciding on 'unprecedented coordinated state intervention in the markets' (Jokela 2011b, p. 4). A lot of credit was given to European parties for this outcome: to the UK, and specifically Prime Minister Brown, for proactively hosting the summit, to France and Germany for driving negotiations forward, and to the European Commission for providing intellectual and conceptual leadership. It has been claimed that in the *communique* after the summit many of the Commission's suggestions were adopted word-for-word (Jokela 2011b; see also Bengtsson 2010). The EU was well coordinated and spoke with one voice ('agreed language'). The EU was also successful in its agenda-setting efforts to raise the issue of climate change at the Pittsburgh summit (2009), but did not manage to produce any decisive outcome in terms of commitments (a prelude to the Copenhagen COP 15 summit, after which the EU has had a hard time playing a leadership role in the climate sphere).

As a contrast to the impact and posture of the early years, more recent developments display that European actors have been less coordinated and that European perspectives have been less attractive to non-European participating states. The Eurozone sovereign debt crisis has dominated the agendas at Cannes and Los Cabos (although less so at St. Petersburg) and has weakened European authority. Especially the Cannes summit presented a possibility for renewed European leadership, but—due to internal European conflicts, the euro crisis, and the differing interests of other parties—it amounted to very little. No significant EU deliberations on the institutional developments in the G-20 have taken place. There has been no obvious agenda-setting role for the EU in the last years. As Jokela argues, the EU 'has failed to establish global consensus on some of the key challenges' of global economic governance (Jokela 2011b, p. 8). In summary, Europe's influence in the G20 has been declining in recent years.

Having said that, the EU's role in the expansion of the G20 agenda beyond the economic and financial sector should not be underestimated—the EU has promoted ideas of its own and added weight to those of others (development and green growth being the most obvious cases), contributing to new forms of coalitions that do not follow traditional North-South divides (for analysis see Luckhurst 2012). By and large, however, it has not managed to get the G20 to devise or adopt strong arrangements against the initial will of other major states, especially when it comes to getting others to commit to binding efforts, a pattern that is recognizable from other negotiating forums (interview Swedish government official 10 September 2013). The field of climate change is a good illustration of this problem (see further Kim and Chung 2012). Developing countries have not taken the agenda in a completely different direction than that of the developed countries, however (as shown by Luckhurst 2012). Instead they have been able to block the success of initiatives launched by the EU (and others), in effect questioning of the EU's credibility as a global discursive leader in this field (Gnath and Schmucker 2011; interview Swedish official 10 September 2013). As in other contexts, agenda exclusion proves a powerful mechanism for influence.

Things may be changing again, however. While still too early for systematic conclusions, elements of the 2013 summit process point towards an EU less paralyzed by internal crisis and more confident and potentially influential in discussions on future global governance. In the run-up to the 2013 St. Petersburg summit, Presidents Barroso and van Rompuy sent a letter to the 28 heads of state and government in an effort to reach a more proactive, concerted perspective and to have an inclusive preparatory phase (and to gain legitimacy for their own perspectives in the process—see further below on challenges of internal coordination). In doing so, they sought to pinpoint their views on issues to be prioritized at the summit: growth and employment, financial regulatory reform, tax avoidance and evasion, reform of international financial architecture, and progress in work on development, anticorruption and energy (European Commission 2013b). Conclusions from the summit were quite cheery and self-confident: 'We are pleased that the European Union's objectives for this summit have been broadly achieved', wrote Barroso and van Rompuy after the summit, highlighting the adoption of an action plan for growth and jobs and further commitment to financial regulation along European lines (European Council 2013, p. 1; see also G20 Leaders' Declaration). Moreover, they noted:

> This G20 summit cemented the global paradigm shift towards fairer taxation by endorsing the establishment of the automatic exchange of tax information. We are highly satisfied that this new standard will be implemented as from 2015 among G20 members, as the EU has pushed for. - - - The G20 finally confirmed the importance of open, free and fair trade as an important source of growth and development… stepping up efforts to roll back trade-restrictive measures as called for by the European Union. (European Council 2013, p. 2)

4.5 The Internal-External Nexus of the EU

As the preceding paragraphs underline, there is reason, as in so many other contexts, to differentiate between the EU and its member states. Quite clearly, the EU has not been a coherent actor in recent years. Commission President Barroso noted himself in the 67th UN General Assembly debate (April 2013) that the financial crisis had been a wake-up call for the EU to realize the need for a coordinated response requiring a new forum (Barroso 2013).

The issue of EU coherence and member state representation is a generic feature of EU performance in global negotiating forums. Preconditions in the G20 are potentially positive in the external dimension with its numerical dominance in relation to other actors at the G20. On the other hand, it presents a complex dynamic internally, with four (and, in effect, five) EU member states present in the G20 along with two representatives of EU institutions, resulting in difficult issues of coordination and coherence. The Lisbon Treaty has thus streamlined EU representation somewhat in doing away with the rotating presidency at the level of leaders, although not at the level of finance ministers. Still, the question of EU-internal representation looms large. To what extent do European representatives present at the G20 speak on behalf of the EU as a collective entity? The answer is 'only to a degree', if judged by existing studies and interview data. Coordination prior to G20 summits exists but does not seem to impact substantially on EU collective performance. To be sure, there are a number of channels of influence for non-G20 EU member states. All member states are represented and have the possibility of shaping discussions and coordination outcomes within the decision-making structure of the EU both in the economic and financial sector proper—in the Council for Economic and Financial Affairs (ECOFIN)—as well as in its preparatory committee, the Economic and Financial Committee (EFC). Also, G20 summits are prepared by sherpas (personal representatives) of government leaders, and in the case of the EU, the sherpa is a Commission official who interacts with all member states at the level of COREPER (the so-called committee of permanent representatives, i.e. member state ambassadors in Brussels). So, also in issues outside the economic area member states are involved in coordination. However, as the same major EU states that dominate coordination and decision-making in the EU also hold individual seats in the G20 and coordination concerns 'agreed language,' rather than legally binding provisions, the influence of non-G20 member states is often limited, albeit with some important variations (see further Debaere 2010; Nasra and Debaere 2012). Moreover, examples exist in which EU states present at the G20 have not honoured coordinated agreements (for instance concerning tax havens, see Debaere 2010).

4.6 Concluding Remarks

Are European actors, and specifically the EU, playing a leadership role in the G20? Or has the EU lost momentum due to internal crisis and splits? Answers to these questions necessitate a temporal perspective. In the early phase of the elevated G20, Europe was more important than it has been in recent years. The internal crises and weaknesses of the EU are part of the explanation for this outcome. It does not constitute the full explanation, however. Rather, it could be argued that even a stronger and more coherent EU would have had a hard time promoting a European version of multilateralism (if such a notion exists) in a loosely institutionalized great power summitry format such as the G20, in which other parties—particularly some developing countries—envisage weaker forms of multilateralism. There is a risk that difficulty will increase over time, irrespective of the internal turbulence of the EU, if others develop stronger policy preferences in directions contrary to EU interests.

In conclusion, as the G20 has changed in posture (through consolidation, agenda expansion—especially into development issues—and moving from crisis management to long-term governance), the EU's influence has decreased in recent years. This reflects circumstances—the Eurozone sovereign debt crisis and the crowding-out of proactive foreign policy—but also potentially underlying structural causes: both weakening internal cohesion and perhaps decreasing global interest in or attraction to European ideas and values. One could also argue that in areas where the G20 states have opposing views—such as how to handle trade imbalances—European perspectives have been unable to produce outcomes. Some preliminary signs indicate the return of European clout in the G20, as evident in the St. Petersburg outcomes (G20 2013; European Council 2013), but it is still too early to tell whether this is an enduring trend.

How are these developments to be understood? A fruitful frame of reflection is provided by Yves Tiberghien and others in discussions of 'Minervian actors' in global institution building. Minervian actors, argue Tiberghien (2013), seek multilateralism in three different modes of action: perceived self-interests, influence of norms and ideas (normative action), and through domestic political leadership. The EU, conceived of as a Minervian actor in global governance (ibid.; Manners 2013), displays all three characteristics in the case of the G20, albeit to different degrees in different time periods. Notably, domestic political leadership—here interpreted as the ability to project EU-internal common ideas onto the global scene –has been lacking due to multiple crises (financial, economic, and political) within the EU.

The overriding question for the future is thus twofold: Will the G20 continue to be the primary institution for global economic governance? And, will Europe (again?) be able to Europeanize the G20. Or, will we instead see a marginalization of Europe and loose and informal great power interaction (often referred to as a 'G-ization' of global politics) quite far removed from European notions of multilateralism? Jokela's conclusion from 2011 still seems to hold true:

> The key outcome of the G-20 process is nevertheless the fuller incorporation of the emerging economies into the global governance arena. So far their increased power and influence has however largely come without responsibility, i.e. without a binding commitment to common objectives in terms of traditional norms-based multilateralism. Therefore the G-20 has so far provided rather limited opportunities for the EU to forge its strategic goal of a world order based on effective multilateralism. (Jokela 2011a, p. 78)

In conclusion, European strategic action for norm export is thus trapped in a situation where it holds substantial representation, and therefore agenda-setting potential, but where it also faces difficulties over unitary/coherent action and lack of credibility. Within those parameters, however, there is room for agenda shaping, as recent developments indicate.

In closing, it may be worth pointing out that to the extent that formal preconditions matter, which seems to be the case, there are interesting times ahead in light of upcoming presidencies and varying perspectives on multilateralism—Australia takes over after Russia for 2014. Thereafter Turkey will chair in 2015. For 2016, the presidency is yet to be decided, but will come from the Asian group: reasonably not South Korea, which held the presidency in 2010, but rather China, Indonesia or Japan. A first-time China presidency would be especially significant as an illustration of the changing nature of the global political economy. This would also be a challenge to the EU in light of China's approach to multilateralism and its position on development issues/perspectives (as the world's second largest economy and, yet, still a developing country).

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Rikard Bengtsson is Associate Professor of Political Science at Lund University, Sweden. His main research interests include global political economy, regional security and integration, and EU in international relations. His most recent research monograph is *The EU and the European Security Order: Interfacing security actors* (Routledge 2009). From 2010 to 2013 Bengtsson served as Deputy Director of the Centre for European Studies at Lund University. He has also been a guest professor at Stellenbosch University, South Africa, and Peking University, China.