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International Economic Policy Coordination at the G-7 and the G-20

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Summary

The Group of Seven (G-7) and the Group of Twenty (G-20) are informal forums for advancing international economic cooperation and coordination among countries. The G-7 dates back to the 1970s and is a small group of industrialized democracies, including Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The G-20 rose to prominence during the global financial crisis in 2008-2009 and is a broader group including the G-7 countries as well as Argentina, Australia, Brazil, China, France, Germany, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, and the European Union (EU).

The G-7 and G-20 leaders generally meet annually at summits, and lower-level officials meet throughout the year. The meetings generally focus on international economic and financial issues, although over time the scope of the meetings have expanded to include a broad range of foreign policy issues, including food security, climate change, and women's empowerment, among others.

Recent Policy Issues

- **Changing U.S. role:** While the United States has traditionally played a leadership role in forging consensus at the G-7 and the G-20, the Trump Administration has clashed with other members in the forums, particularly over trade and climate change. There is debate over whether the Trump Administration's approach undermines U.S. leadership in the global economy, the divisions are overblown, or the Administration is delivering on its "America First" campaign pledges.
- **COVID-19 pandemic:** In 2020, the G-7 and the G-20 have focused on coordinating the global response to the COVID-19 pandemic, with several emergency virtual meetings convened. The G-7 has pledged to do "whatever it takes" and the G-20 agreed to temporary debt relief measures for low-income countries.
- **Saudi Arabia & the G-20 summit:** Chairing the G-20 for the first time, Saudi Arabia is holding the November 21-22 summit virtually due to pandemic-health related concerns. Some analysts concerned about Saudi Arabia's human rights practices have called for a boycott of the summit, although such proposals have not gained traction.
- **G-7 summit logistics:** The United States is chairing the G-7 in 2020. After the Trump Administration faced pushback about its initial plan to host the summit at the Trump National Doral Miami, the Administration switched the summit site to Camp David. Due to the pandemic, however, the summit, originally scheduled for June, has been postponed until November.
- **Proposals to expand the G-7 membership:** The Trump Administration has proposed adding Australia, India, South Korea, and Russia to form the G-11. Expanding the G-7 requires unanimous consent among members, but other countries in particular are opposed to re-admitting Russia while it still occupies Crimea.

Role of Congress

Congress can exercise oversight over the Administration's participation in the G-7 and G-20 through legislation, hearings, and reporting requirements. In the 116th Congress, a range of bills were introduced pertaining to the G-7 and the G-20, including bills to prohibit the use of federal funds for any purpose relating to the 2020 G-7 summit and the Trump National Doral Miami (H.R. 4744; S. 2654); prohibit the authorization of federal funds to facilitate Russian participation in the G-7 (H.R. 4721); and support U.S. leadership at the G-7 and G-20 in responding to the COVID-19 pandemic (S. 3669).

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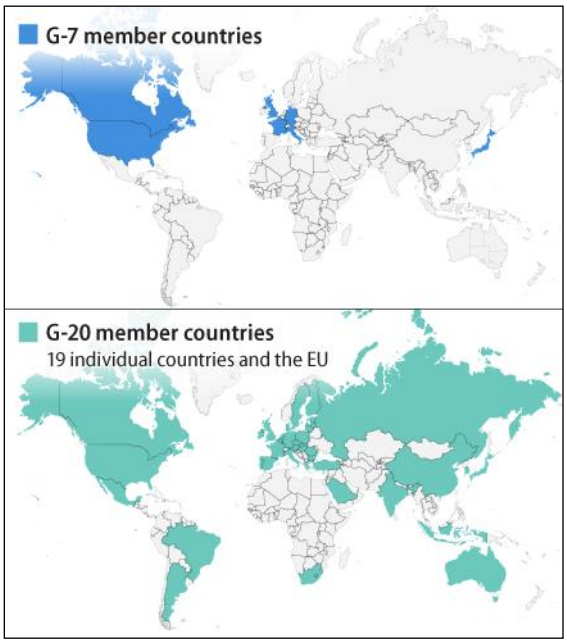
Introduction

The Group of 7 (G-7) and Group of 20 (G-20) are forums for international economic and foreign policy coordination. The G-7 and G-20 both hold annual meetings among country leaders ("summits"), as well as meetings among lower-level officials throughout the year. The G-7 traces its roots to the 1970s, and is a small group of developed, industrialized democracies: Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States (**Figure 1**).

Figure 1. G-7 and G-20 Members



Source: Figure created by CRS.

The G-20 is a larger and more diverse group of developed and emerging-market economies. The G-20 includes the G-7 members and Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, and the European Union (EU) (**Figure 1**). The finance ministers and central bank governors from the G-20 countries began meeting in 1999. The G-20 rose to prominence during the global financial crisis of 2008-2009, when G-20 leaders began meeting. Today, the G-7 and the G-20 processes continue in parallel.

The forums began convening to coordinate international economic policies, but discussions have broadened over the years to include a range of foreign policy issues. The United States has traditionally been a leader in the G-7 and the G-20, but President Trump's positions on trade and climate change have created unusual divisions between the United States and some other G-7 and G-20 members.

The chair of the G-7 and the G-20 rotates on an annual basis. The United States is chairing the G-7 in 2020. The annual summit, originally scheduled for June, has been postponed due to the COVID-19 pandemic. Saudi Arabia is chairing the G-20 for the first time, and the summit scheduled for November 21-22 will now be held virtually. Several human rights groups and analysts have raised concerns about Saudi Arabia's chairmanship given Saudi Crown Prince Mohammed bin Salman's leadership of the Saudi war effort in Yemen and repression of domestic dissent.[1] Both the G-7 and the G-20 have convened emergency virtual meetings in 2020 among cabinet-level officials to discuss and coordinate the response to the pandemic.

Congress exercises oversight over the Administration's participation in the G-7 and the G-20, including the policy commitments that the Administration is making and the policies it is encouraging other members to pursue. Additionally, legislative action may be required to

[1] For example, see Jackson Diehl, "G-20 Leaders, Don't Forget the Women's Rights Advocates Rotting in Saudi Prisons," *Washington Post*, September 13, 2020; Patrick Wintour, "G20 Leaders Urged to Act over Saudi Detentions as Summit Approaches," *Guardian*, September 14, 2020; Amnesty International, "Saudi Arabia: G20 Leaders Must Address Dire Human Rights Record as the Kingdom Takes over Presidency," November 29, 2019.

implement certain commitments made by the Administration in the G-7 and G-20 processes. The G-7 and the G-20 also hold annual meetings among the members' parliamentary speakers, which provides another avenue for Congress to weigh in on G-7 and G-20 issues.

This report analyzes the historical origins of the G-7 and the G-20; how the forums operate; major recent developments pertaining to the G-7 and the G-20; and debates about their effectiveness as forums for economic cooperation and coordination.

Development and Evolution of the G-7 and the G-20

Since World War II, governments have created and used formal international institutions and more informal forums to discuss and coordinate economic policies. Countries want to coordinate policies to avoid unilateral "beggar-thy-neighbor" policies—policies intended to benefit the country enacting the policy at the expense of its neighbors or trade partners. Beggar-thy-neighbor policies, including competitive devaluations and protectionist trade policies, were prevalent during the interwar period, and led to the Great Depression. Additionally, some economies policies, such as fiscal stimulus, are more effective when countries implement them simultaneously. As economic integration has increased over the past several decades, international economic policy coordination has become even more active and significant.

Governments use a mix of formal international institutions and international economic forums to coordinate economic policies. Formal institutions, including the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the World Bank, and the World Trade Organization (WTO), are typically formed by an official international agreement and have a permanent office with staff performing ongoing tasks.[2] Governments have also relied on more informal forums for economic discussions, including the G-7 and the G-20 as well as the Paris Club, a group of donor countries that negotiate debt relief for developing countries.[3] These economic forums do not have formal rules or a permanent staff. The roots of the G-7 trace back to the 1970s; the G-20 rose in prominence during the global financial crisis of 2008-2009.

1970s-1990s: Advanced Economies Dominate Financial Discussions

In the mid-1970s, leaders from a group of five developed countries—France, Germany, Japan, the United Kingdom, and the United States—began meeting annually to discuss international economic challenges, including the oil shocks and the collapse of the Bretton Woods system of fixed exchange rates. This group, called the Group of Five (G-5) was broadened to include Canada and Italy, and the G-7 formally superseded the G-5 in the mid-1980s. The G-7 focused on macroeconomic policies, including exchange rates, balance of payments, globalization, trade, and economic relations with developing countries. Meetings among finance ministers and central bank governors typically preceded the annual summits.

[2] For more information about formal international institutions, see, for example, CRS Report R42019, *The International Monetary Fund*, by Martin A. Weiss; CRS Report R41170, *Multilateral Development Banks: Overview and Issues for Congress*, by Rebecca M. Nelson; and CRS Report R45417, *World Trade Organization: Overview and Future Direction*, coordinated by Cathleen D. Cimino-Isaacs.

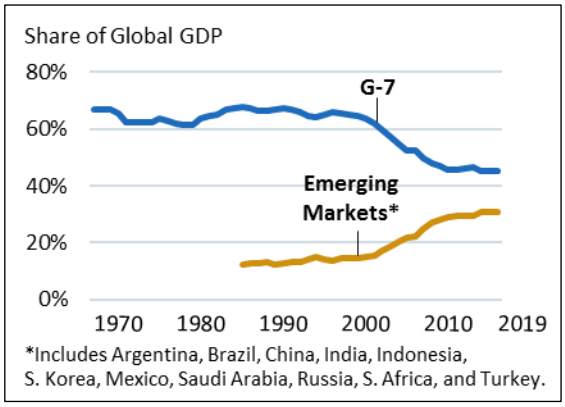
[3] The Paris Club is an informal group of developed countries. It negotiates financial services such as debt restructuring and debt relief to indebted developing countries. For more information, see CRS Report RS21482, *The Paris Club and International Debt Relief*, by Martin A. Weiss.

Over time, the G-7's focus on macroeconomic policies expanded to include a variety of other global and transnational issues, including the environment, crime, drugs, AIDS, and terrorism. In 1998, Russia joined, creating the Group of Eight (G-8).[4] Russia's participation focused on foreign policy issues; it did not usually participate in discussions on international economic policy, which continued to occur mainly at the G-7 level.

1990s-2008: Emerging Economies Gain Greater Influence

Although emerging economies became more active in the international economy, particularly in financial markets, starting in the early 1990s, this was not reflected in the international financial architecture until the Asian financial crisis in 1997-1998. The Asian financial crisis demonstrated that problems in the financial markets of emerging-market countries can have spillover effects on financial markets in developed countries, suggesting emerging markets are too important to exclude from discussions on economic and financial issues. The G-20 was established in late 1999 as a permanent international economic forum for encouraging coordination between advanced and emerging economies. However, the G-20 was a secondary forum to the G-7/G-8; the highest level G-20 officials meeting were the finance ministers and central bank governors, while the G-8 convened meetings at the leader-level.

Figure 2. G-7 and Emerging-Markets: Weight in the Global Economy



Source: Figure created by CRS using data from the World Bank, World Development Indicators, October 1, 2020.

Emerging markets continued to grow, accounting for a larger share of global economic output, while the G-7's share dropped (**Figure 2**). Emerging markets were granted more sway in international economic discussions when the G-8 partly opened its door to them in 2005.[5] The United Kingdom's Prime Minister Tony Blair invited five emerging economies—China, Brazil, India, Mexico, and South Africa—to participate in G-8 discussions but not as full participants (the "G-8 +5"). The presence of emerging-market countries gave them some input in the meetings but they were clearly not treated as full G-8 members. Brazil's finance minister reportedly complained that developing nations were invited to G-8 meetings "only to take part in the coffee breaks."[6]

[4] While the EU is not an official member of the G-7 or G-8, the EU has participated in meetings since 1977. The EU is represented by the president of the European Commission and the president of the European Council. The EU does not hold leadership positions within the G-8 or host summits.

[5] Emerging markets had been sporadically invited to a few G-8 summit dinners and events as early as 1989, but their participation was very minor compared to 2005 onward. See Peter I. Hajnal, *The G8 System and the G20* (Ashgate, 2007), pp. 47-49.

[6] Jonathan Wheatley, "G20 Calls for Expanded Role to Combat Economic Turmoil," *Financial Times*, November 10, 2009.

2008-Present: Emerging Economies Get a Seat at the Table

It is only with the outbreak of the global financial crisis in the fall of 2008 that emerging markets were invited as full participants to international economic discussions at the highest (leader) level. The G-20 leaders convened for the first time in Washington, DC in November 2008. At the third G-20 summit, held in September 2009 in Pittsburgh, PA, the G-20 leaders decided that going forward, the G-20 would be the "premier" form for international economic cooperation, supplanting the G-7's implicit role as such.

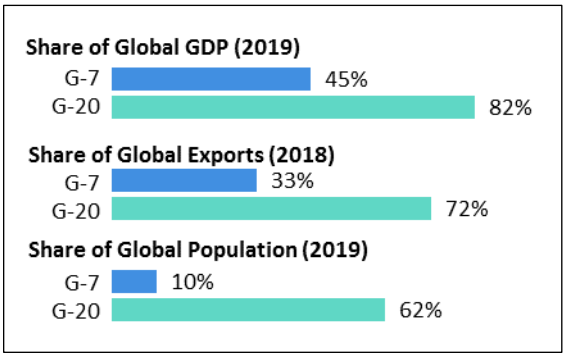
There are different explanations for why the shift from the G-7 to the G-20 occurred. Some emphasize recognition by the leaders of developed countries that emerging markets have become sizable players in the international economy and are simply "too important to bar from the room."[7] Others suggest that the transition from the G-7 to the G-20 was driven by the negotiating strategies of European and U.S. leaders. It is reported that France's president, Nicolas Sarkozy, and Britain's prime minister, Gordon Brown, pushed for a G-20 summit, rather than a G-8 summit, to discuss the economic crisis in order to dilute perceived U.S. dominance over the forum, as well as to "show up America and strut their stuff on the international stage."[8] Likewise, it is reported that President George W. Bush also preferred a G-20 summit in order to balance the strong European presence in the G-8 meetings.[9]

The G-20 initially focused on coordinating responses to the global financial crisis, but the group has taken on a number of issues over the past decade, including women empowerment, digitization and data flows, infrastructure, combatting terrorist financing and corruption, and the migration crisis, among other issues.

Even with the elevation of the G-20 as the premier forum for international economic cooperation, the G-7/G-8 has continued its separate track of policy discussions and coordination. Its staying power has been attributed to diplomatic inertia, easier ability to reach consensus, a loss of the G-20's momentum after the global financial crisis, and more like-minded economic governance and economies.[10] Following Russia's illegal annexation of the Crimean region of Ukraine in 2014, the G-7 leaders disinvited Russia and the group reverted to the G-7.

Today, the G-20 accounts for almost 85% of global GDP, about 70% of global exports, and about 60% of the global population; the G-7 in contrast accounts for less than half of the global GDP, about a third of global exports, and 10% of the global population (**Figure 3**).

Figure 3. G-7 and G-20 Snapshot



Source: Figure created by CRS using data from the World Bank, World Development Indicators, accessed October 1, 2020.

[7] "After the Fall," *The Economist*, November 15, 2009.

[8] "Not a Bad Weekend's Work," *The Economist*, November 16, 2008.

[9] Ibid.

[10] Mark Sobel and Matthew P. Goodman, "G7 Needs the Right Kind of Reset," Center for Strategic and International Studies, June 12, 2020.

G-7 and G-20 Operations

Frequency of Meetings

The G-7 and G-20 meetings among heads of state, or "summits," are the focal points of the discussions. G-7 and G-20 summits are generally held annually. Various lower-level officials meet frequently before the summits to begin negotiations and after the summits to discuss the logistical and technical details of implementing the agreements announced at the summits. In particular, the finance ministers and central bank governors meet multiple times per year, and foreign affairs ministers generally meet once per year. Other G-7 and G-20 cabinet-level officials convene regularly at the request of country leaders but not always on an annual basis. For example, meetings have occurred among G-7 and/or G-20 ministers responsible for agriculture, education, energy, environment, health, labor and employment, digitalization, tourism, transportation, and trade. There are also meetings among the leaders' personal representatives, known as "sherpas."[11] The G-7 and G-20 also hold annual Parliamentary Speakers' Summits as part of wider efforts to bring a parliamentary dimension to global governance. The G-20 chair also at times convenes meetings among businesses, think tanks, and civil society groups from the member countries to gain their perspectives inform the G-20 work.

Overall, the G-7 and G-20 process has led to the creation of a complex set of interactions among many different levels of government officials. Some argue that the high frequency of interactions is conducive to forming open communication channels, while others argue that the G-7 and G-20 processes have created undue administrative burden on the national agencies tasked with implementing and managing their countries' participation in multilateral forums.

U.S. Representation

Within the U.S. government, the Department of the Treasury is the lead agency in coordinating U.S. participation in the G-7 and G-20 processes. However, the G-7 and G-20 works on a variety of issues, and the Department of the Treasury works closely with other U.S. agencies, including the Federal Reserve, the State Department, the U.S. Agency for International Development, and the Department of Energy. The White House, particularly through the National Security Council and the U.S. Trade Representative, is also heavily involved in the G-7 and G-20 planning process.

Location of Meetings and Attendees

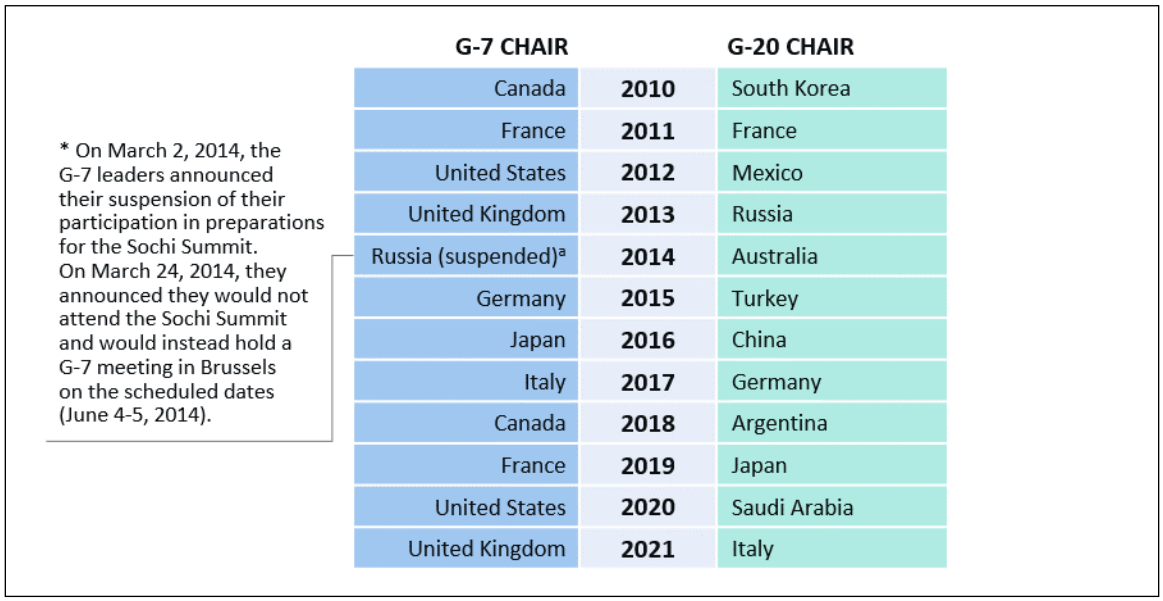
Unlike formal international institutions, such as the United Nations and the World Bank, the G-7 and the G-20 do not have a permanent headquarters or staff. Instead, each year, a member country serves as the chair. The chair hosts the meetings and shapes the year's agenda. The chair also establishes a temporary office that is responsible for the group's secretarial, clerical, and administrative affairs, known as the temporary "secretariat." The secretariat also coordinates the various meetings for the duration of its term as chair and typically posts details about the meetings and work programs on the forum's website.

The chair rotates among members and is selected from a different region each year (**Figure 4**). The United States has never officially chaired the G-20, although the United States did host G-20

[11] The term "sherpa" is a play on words. Typically, sherpas refer to local people, typically men, in Nepal who are employed as guides for mountaineering expeditions in the Himalayas. Recall that meetings held among leaders are referred to "summits," which also refers to the highest point of a mountain.

summits in 2008 and 2009 during the height of the global financial crisis. In 2021, the United Kingdom will chair the G-7 and Italy will chair the G-20.

Figure 4. Chairs of the G-7 and the G-20



Source: Figure created by CRS using data from the University of Toronto's G7 and G20 Information Centres.

In addition to the formal G-7 and G-20 members, some countries attended the G-20 summits at the invitation of the chair. Several regional organizations and international organizations also regularly attend the summits. For example, four countries, nine international organizations, and six regional organizations are expected to participate in the G-20 summit in 2020.[12] Since the 1980s, the EU has been represented in all G-7 working sessions, even though it is not a formal member and does not assume the rotating G-7 chair.[13]

Agreements

All agreements, comments, recommendations, and policy reforms reached by the G-7 and G-20 ministers, central bankers, and leaders are done so by consensus. There is no formal voting system as in some other international organizations, like the IMF or the World Bank. Participation in the G-20 meetings is restricted to members and invited participants and is not open to the public. After each meeting, however, the group publishes the agreements reached among members, typically as communiqués or declarations.[14] The forums do not have a way to enforce implementation of the agreements at the national level beyond moral suasion; the G-7 and G-20

[12] The invited countries include Jordan Singapore, Spain, and Switzerland. The invited international organizations include the Food and Agriculture Organization (FAO), the Financial Stability Board (FSB), the International Labour Organization (ILO), the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), the United Nations, the World Bank Group, the World Health Organization, and the World Trade Organization. The invited regional organizations include the Arab Monetary Fund, Islamic Development Bank, the Chair of the Association of Southeast Asian Nations (ASEAN), the Chair of the African Union (AU), the Chair of the Gulf Cooperation Council (GCC), and the Chair of the New Partnership for Africa's Development (NEPAD).

[13] European Commission, "Role of the G7," accessed on September 22, 2020.

[14] The G-20 communiqués are posted online at http://www.g20.org/pub_communiques.aspx.

do not have a formal enforcement mechanism and the commitments are nonbinding. This contrasts with the World Trade Organization (WTO), for example, which does have formal enforcement mechanisms in place. Major outcomes from the 2019 summits are highlighted in the textbox below.

Major Outcomes from the 2019 Summits (Selected)

G-7 Summit, Biarritz, France, August 26, 2019[15]

- ***Trade:*** The G-7 reiterated commitments to open and fair world trade, and an overhaul of the World Trade Organization (WTO) with regard to intellectual property protection, dispute settlement, and unfair trade practices.
- ***Iran, Libya, and Hong Kong:*** Agreed to ensure Iran never acquires nuclear weapons, supported a truce in Libya to lead to a long-term ceasefire; reaffirmed the existence and importance of the Sino-British Joint Declaration of 1984 on Hong Kong (which stipulates the sovereign and administrative arrangement of Hong Kong after 1997).
- ***Inequality and Climate Change:*** The Chair issued statements on G-7 discussions about inequality as a "significant challenge" to global stability and prosperity, as well as on discussions pertaining to climate change and the oceans.
- ***Digital Issues:*** The G-7 plus Australia, Chile, India, and South Africa made a number of commitments related to digital issues, including rights of freedom of opinion, respect for cross-border data legal frameworks, and to reinforce democracies against cyber threats from foreign hostile interference.

G-20 Summit, Osaka, Japan, June 28-29, 2019[16]

- ***Global Economy:*** The G-20 reaffirmed their commitment to use "all policy tools" to achieve strong, sustainable, balanced, and inclusive growth. The G-20 leaders also noted population aging as a policy issue that will require a number of economic policy actions.
- ***Fostering Robust Global Economic Growth***: The G-20 committed to open markets, rapid resolution on excess steel capacity issues, continue efforts underway to address cross-border data flow issues, pursue "quality" infrastructure, strengthen global financial safety nets, and advance debt transparency by both borrowing countries and creditor countries.
- ***Anti-corruption:*** The G-20 committed to continue implementing the G-20 "Anti-Corruption Action Plan 2019-2021," and intensify efforts to combat foreign bribery, including national laws in all G-20 countries for criminalizing foreign bribery.
- ***Addressing Inequalities:*** The G-20 recognized the importance of promoting a healthy and active ageing society that enables workers to participate in the labor market at older ages, while continuing to increase participation of youth, women, and persons with disabilities in economic activities. The countries also reconfirmed their commitments to reducing the gender labor force participation gap by 2025.
- ***Realizing an Inclusive and Sustainable World:*** The G-20 members remained resolved to playing a leading role in the timely implementation of the U.N. sustainable development goals and replenishing resources at the International Development Association (part of the World Bank) and the African Development Fund. They reiterated their commitment to moving towards achieving universal health coverage "according to national contexts and priorities" and improving public health preparedness and response. The statement reflected the division between the United States and the other G-20 members of the Paris Agreement on climate change (the Trump Administration announced U.S. withdrawal from the agreement in 2017). The G-20 also emphasized the importance of shared actions to address the root causes of the migration crisis and response to growing humanitarian needs.

[15] The G-7 leaders' statement from 2019 is available at http://www.g7.utoronto.ca/summit/2019biarritz/declaration-of-leaders.html.

[16] The G-20 leaders' statement from 2019 is available at http://www.g20.utoronto.ca/2019/2019-g20-osaka-leaders-declaration.html.

Recent Policy Issues and Debates

The G-7 and G-20 have featured prominently in recent policy debates, including the reorientation of U.S. foreign policy under the Trump Administration, the global response to the COVID-19 pandemic, human rights concerns about Saudi Arabia, conflict-of-interest controversies within the U.S. government, and whether the membership of the G-7 needs to be expanded. These issues are discussed in more detail below.

Changing U.S. Role under the Trump Administration

U.S. participation in the G-7 and the G-20 has shifted dramatically under President Trump. The United States has traditionally been a leader seeking consensus at the G-7 and G-20, but the Trump Administration has clashed with other members in key policy discussions, particularly the G-7 and G-20's traditional support for free trade and efforts to combat climate change. The Trump Administration's trade policies, such as withdrawing from the Trans-Pacific Partnership (TPP) and application of steel and aluminum tariffs for national security reasons, and climate changes policies, including the withdrawal from the Paris Agreement on climate change, put it at odds with other G-7 and G-20 members.

In 2018, President Trump withdrew his initial support for the eight-page G-7 communiqué that had been negotiated in the weeks leading up to the summit, an unprecedented action in the forum's four decade history. Also in 2018, the G-20 communiqué reflected the differing views on climate change between the United States and the other 19 members. The clear statement of division among members was unprecedented in a G-20 communiqué. Many analysts now refer to the forums as the "G-6+1" and the "G-19+1" to underscore the divisions between the United States and other member countries.[17]

The deep divisions between the United States and the other G-7 and G-20 countries contribute to questions about U.S. world leadership under the Trump Administration. Since World War II, the United States, working with allies, has developed and promoted an open and rules-based international order. President Trump campaigned on an "America First" platform and has pursued significant changes in U.S. foreign and trade policy. Directly challenging other members, including those that are western, capitalist democracies and longstanding key U.S. allies, appears to be part of that shift from the principles governing U.S. foreign policy over the past several decades. It may also represent a transition in the U.S. role at international forums, from one of building consensus to confrontation. Key Trump Administration advisors and supporters have argued that the differences between the United States and other countries are overblown, and that President Trump is pursuing foreign policies consistent with his campaign pledges.[18]

[17] For example, see Steward M. Patrick, "The Ugly American: Trump Attends the G6+1 Summit," *Council on Foreign Relations,* June 8, 2018; Sam Fleming, Jim Pickard, Chris Giles, and Michael Peel, "G7 Left Reeling after Trump's Last-Minute Reversal," *Financial Times*, June 10, 2018; Demetri Sevastopulo and Stefan Wagstyl, "G20 Allies Learn to Work with, and around, Donald Trump," *Financial Times,* July 9, 2017; and Hung Tran, "The G20 Turns into the G19+1," *Atlantic Council,* July 2, 2019.

[18] Gary D. Cohn and H.R. McMaster, "The Trump Vision for America Abroad," *New York Times,* July 13, 2017 and Kyle Feldscher, "*Washington Examiner*, July 9, 2017 and Kyle Feldscher, "Newt Gingrich: 'G-19' Criticism of Trump's Foreign Policy is a 'Good Thing'," *Washington Examiner,* July 9, 2017.

Coordinating the Response to the COVID-19 Pandemic

The outbreak of the COVID-19 pandemic in 2020 was a complex and devastating shock to the global economy. Combatting the pandemic required shutting down large portions of the economy. It roiled stock markets, upended oil and other commodity markets, created mass unemployment, disrupted trade, resulted in shortages of food and medical supplies, and threatened the solvency of businesses and governments around the world. In April 2020, the IMF cautioned that COVID-19 will likely be the worst recession since the Great Depression, far worse than the recession following the global financial crisis of 2008-2009.[19]

Early in the pandemic, governments were divided over the appropriate response and in some cases acted unilaterally, particularly when closing borders and imposing export restrictions on medical equipment and medicine. An emergency, virtual meeting of G-7 finance ministers on March 3, 2020, fell short of the aggressive and concrete coordinated action that investors and economists had been hoping for, and U.S. and European stock markets fell sharply after the meeting.[20] However, on March 16, 2020, the leaders of the G-7 countries held an emergency summit by teleconference to discuss and coordinate their policy responses to the economic fallout from the global spread of COVID-19. In the joint statement released by the G-7 leaders after the emergency teleconference summit, the leaders stressed they are committed to doing "whatever is necessary to ensure a strong global response through closer cooperation and enhanced cooperation of efforts."[21] The countries pledged to coordinate research efforts, increase the availability of medical equipment; mobilize "the full range" of policy instruments, including monetary and fiscal measures, as well as targeted actions, to support workers, companies, and sectors most affected by the spread of COVID-19; task the finance ministers to coordinate on a weekly basis, and direct the IMF and the World Bank Group, as well as other international organizations, to support countries worldwide as part of a coordinated global response.[22]

G-7 coordination has not been unproblematic however, including disagreement among G-7 foreign affairs ministers about how to refer to the virus (coronavirus or the "Wuhan virus") and concerns about collaboration on vaccine research.[23] The G-7 summit for 2020, originally scheduled for June, has been postponed until after the U.S. presidential election in November.

The G-20 was slower to respond to the pandemic. Even though G-20 coordination is widely viewed as having been critical in the response to the global financial crisis of 2008-2009, several factors may have complicated current G-20 coordination: the Trump Administration's prioritization of an "America First" foreign policy over one committed to multilateralism; the 2020 chair of the G-20, Saudi Arabia, is embroiled in disputes over its human rights practices and the economic and fiscal fallout of COVID-19 and lower oil prices; and U.S.-China tensions make G-20 consensus more difficult.[24] The G-20 held a summit by teleconference on March 26, 2020,

[19] Gita Gopinath, "The Great Lockdown: Worst Economic Downturn since the Great Depression," IMF Blog, April 14, 2020.

[20] Jack Ewing and Jeanna Smialek, "Economic Powers Vow to Fight Crisis," *New York Times*, March 3, 2020.

[21] White House, G-7 Leaders' Statement, March 16, 2020, https://www.whitehouse.gov/briefings-statements/g7-leaders-statement/.

[22] Ibid.

[23] "Pompeo, G-7 Foreign Ministers Spar over 'Wuhan Virus'," *Politico*, March 25, 2020; Katrin Bennhold and David E. Sanger, "U.S. Offered 'Large Sum' to German Company for Access to Coronavirus Vaccine Research, German Officials Say," *New York Times*, March 15, 2020.

[24] Matthew Goodman and Mark Sobel, "Time to Pull the G-20 Fire Bell," Center for Strategic and International Studies, March 18, 2020.

but the resulting communique was criticized for failing to include concrete action items beyond what national governments were already doing.[25]

G-20 coordination gained momentum in April, most notably with the G-20 agreement on debt relief for low-income countries. The G-20 finance ministers agreed to suspend debt service payments for the world's poorest countries through the end of 2020. The Institute of International Finance (IIF), which represents 450 banks, hedge funds, and other global financial funds, also announced that private creditors will join the debt relief effort on a voluntary basis. This debt standstill will free up more than $20 billion for these countries to spend on improving their health systems and fighting the pandemic.[26] Private sector commitments were critical for official creditors, so that developing countries could redirect funds to improving health systems rather than repaying private creditors. However, implementation of the Debt Service Suspension Initiative (DSSI) has proved complicated. There is debate among creditor governments about what debts should be included in the standstill, and how it can be enforced. In May, the IIF in a letter laid out some of the obstacles facing private sector participation, raising questions about whether private creditors will participate in the debt standstill.[27] Reportedly, some African countries are opting to negotiate debt relief individually with China and other creditor nations because of concerns they will be blocked from financial markets if they participate in the G-20 debt standstill.[28]

The health and economic consequences of the pandemic are expected to dominate G-7 and G-20 discussions at least through the end of the 2020, and likely well into 2021. Due to the pandemic, the United States postponed the G-7 summit from June until November. Saudi Arabia announced that the G-20 summit on November 21-22 will be held virtually rather than in Riyadh as originally planned.

In May 2020, Senator Menendez (NJ) introduced legislation in the Senate supporting, among other initiatives, U.S. leadership in the G-7 and the G-20 in coordinating a comprehensive response to the pandemic and preventing future waves of the infection (S. 3669).

Concerns about Saudi Arabia Chairing the G-20

Saudi Arabia is hosting the G-20 for the first time in 2020, and several human rights groups and analysts have raised concerns about Saudi Arabia's chairmanship, given Saudi Crown Prince Mohammed bin Salman's leadership of the Saudi war effort in Yemen and repression of domestic dissent. A United Nations expert who investigated the murder of Jamal Khashoggi, a U.S.-based journalist and critic of Saudi Arabia's government who was murdered in the Saudi consulate in Istanbul in 2018, called on world powers to consider relocating the 2020 summit, or boycott the summit altogether.[29] Some policy analysts also have called on leaders to condition their participation in the summit on the release of imprisoned women's rights advocates.[30] Some

[25] Matthew Goodman, Stephanie Segal, and Mark Sobel, "Assessing the G20 Virtual Summit," Center for Strategic and International Studies, March 27, 2020.

[26] Davide Barbuscia, Marwa Rashad, and Andrea Shalal, "G20 Countries Agree Debt Freeze for World's Poorest Countries," *Reuters,* April 15, 2020

[27] Patrick Bolton, Lee Buchheit, Pierre-Olivier Gourinchas, et al, "Sovereign Debt Standstills: An Update," *VoxEU,* May 28, 2020.

[28] Jevans Nyabiage, "All Eyes on China as Africa Spurns G20 Debt Relief Plan," *South China Morning Post,* May 26, 2020.

[29] "UN Expert Urges World Powers to Reconsider G-20 Riyadh Summit," *Aljazeera,* July 3, 2019.

[30] Jackson Diehl, "G-20 Leaders, Don't Forget the Women's Rights Advocates Rotting in Saudi Prisons," *Washington*

experts have "low expectations" for G-20 commitments on climate change and women's empowerment with Saudi Arabia chairing the group, even though these issues have become more prominent at the G-20 in recent years.[31]

It is not clear that leaders are planning to boycott or condition their participation in the G-20 summit, but several mayors, including from New York, Los Angeles, Paris, and London, boycotted Saudi Arabia's "Urban 20" (U20) summit on September 30-October 2 in solidarity with political prisoners in Saudi Arabia.[32]

Debate over the G-7 Summit Location

The G-7 and G-20 host countries select the summit's location. Usually hosts choose locations that are remote, scenic, and/or symbolic.[33] After considering a number of sites as venues for the 2020 summit, on October 17, 2019 the Trump Administration announced that the summit would be held at the Trump National Doral Miami. Several U.S. policymakers and watchdog groups raised concerns about conflicts of interest, because of the president's opportunity to profit from the summit.[34]

On October 18, 2019, Representative Frankel (FL-21) introduced legislation in the House prohibiting the use of federal funds for any purpose relating to the 2020 G-7 summit and the Trump National Doral Miami, unless the Secret Service certifies to Congress that such an expenditure is necessary to provide required protection (H.R. 4744). Senator Blumenthal (CT) introduced a companion bill in the Senate (S. 2654).

On October 20, 2019, President Trump announced that the G-7 summit would instead be held at Camp David, a retreat in Maryland for use by the President. Presidents have used Camp David to host other summits; for example, President Obama hosted the G-8 at Camp David in 2012. The 2020 summit has been postponed due to health concerns from the pandemic, as noted above.

With the United States chairing the G-7 in 2020, Speaker Pelosi (CA-12) hosted the G-7 parliamentary session virtually on October 12, 2020.[35]

Proposals to Expand the G-7 Membership

Russia was excluded from the G-8 following its illegal annexation of the Crimean region of Ukraine. President Trump has called for Russia to be readmitted to the G-7 even though Russia still occupies Crimea. Many Members of Congress and other G-7 countries oppose re-inviting Russia to the G-7.[36] In October 2019, Representative Hill (CA-25) introduced legislation in the

Post, September 13, 2020.

[31] Matt Goodman, "Parsing the Osaka G20 Communiqué," *CSIS*, July 3, 2019.

[32] Patrick Wintour, "Sadiq Khan Refuses to Attend City Mayors' Summit in Saudi Arabia," *The Guardian*, September 30, 2020.

[33] For example, see Siobhán O'Grady and Miriam Berger, "Trump Will Host the G-7 Summit at his Own Hotel. Here's How Other Countries Decide Where to Host It," *Washington Post*, October 17, 2019.

[34] For example, see Maggie Haberman, Eric Lipton, and Katie Rogers, "Why Trump Dropped His Own Idea to Hold the G7 at His Own Hotel," *New York Times*, October 20, 2019.

[35] "Pelosi Opening Remarks at Virtual G7 Speakers' Meeting Today 'Addressing the Climate Crisis with Economic and Environmental Justice for All'," September 12, 2020, https://www.speaker.gov/newsroom/91220.

[36] For example, see Felicia Sonmez, "Trump Renews Call for Russia to be Readmitted to G-7," *Washington Post*, August 20, 2019; Jordain Carney, "McConnell: Russia Should not be Admitted to G-7," *The Hill*, June 30, 2020; Juliegrace Brufke, "House Passes Resolution Disapproving of Russia being Included in Future G7 Summits," *The Hill*,

House that would prohibit the authorization of Federal funds to facilitate Russian participation any G-7 or reconstituted G-8 meetings (H.R. 4721).

In May 2020, President Trump called the G-7 an "outdated" group of countries, and suggested that a larger grouping including Australia, India, South Korea, and Russia would serve as a stronger alliance to counter China.[37] The G-7 host country can invite other leaders to attend the meetings, but formal membership must be approved by the group. Several G-7 countries continue to oppose re-inviting Russia into the group and it is not clear there is traction on otherwise expanding the group.[38]

Role of Congress and Potential Policy Questions

Although U.S. participation in the G-7 and G-20 is conducted through the Administration and the Executive branch, Congress can exercise oversight of U.S. participation through legislation, hearings, reporting requirements, and public statements. Members of Congress can also issue public statements to articulate their policy differences with Administration policies and priorities advanced at the G-7 and the G-20.

Congress has used a mix of these oversight tools in relation to the G-7 and the G-20 to varying degrees. Members in the 116th Congress have introduced a number of bills relating to the G-7 and G-20. Some Members of Congress have also issued public statements that rebut the Trump Administration's policies articulated at these international forums.[39] Hearings specifically on the G-7 and G-20 have been more infrequent; the last such hearing was held by the Senate Foreign Relations Committee in November 2009 ("The U.S. and the G-20: Remaking the International Economic Architecture" with then-Treasury Secretary Timothy Geithner). The G-7 and G-20 parliamentary speakers' summits are also opportunities for Congress to weigh in on G-7 and G-20 issues.

Policy questions about the G-7 and the G-20 that Congress may want to consider include:

- In 2009, leaders announced that the G-20 would be the premiere forum for economic cooperation. However, the G-7 has continued to meet during the following decade and was quicker to mobilize in response to the COVID-19 pandemic than the G-20. Is the G-20 still considered the premier forum for economic cooperation? Are both forums needed and if so, what should the division of labor be between the two?
- What is the record on implementation and follow-up on commitments at the G-7 and the G-20?
- The policy issues discussed at both the G-7 and the G-20 have expanded over the years. Does the inclusion of a broad range of issues dilute meaningful discussion and commitments, or does it enable negotiations and trade-offs to be made that would be otherwise infeasible in more narrow discussions?

December 3, 2019; "G7 Leaders Reject Russia's Return after Trump Summit Invite," *BBC*, June 2, 2020; "Germany Rejects Trump's Call to Re-admit Russia to the G7," *Business Insider*, July 27, 2020.

[37] Maggie Haberman, "Trump Postpones G7 Summit and Calls for Russia to Attend," *New York Times*, May 30, 2020.

[38] "Donald Trump is Right that The G7 Needs Updating. But What For?," *Economist*, June 4, 2020.

[39] For example, Senators McCain and Flake issued statements on Twitter articulating differences with the Trump Administration's policy priorities and approaches at the G-7 summit in June 2017, https://twitter.com/senjohnmccain/status/1005614491768360960?lang=en and https://twitter.com/jeffflake/status/1005886122440970242?lang=en.

- Is coordination on some issues, such as monetary policy conducted largely by independent central bankers, easier and/or more effective than other issues, such as fiscal policies that must be approved by national legislatures? If so, should such considerations shape the focus of G-7 and G-20 discussions?
- Is the composition of the G-7 outdated, as suggested by President Trump? Would expanding the G-7 create a more effective forum, or would it be more difficult to reach consensus in a larger group?
- G-7 and G-20 leaders meet annually but a broad range of lower-level officials meet throughout the year. Are meetings throughout the year helpful for facilitating global dialogue, or do they place undue administrative burdens on a range of federal agencies? Do federal agencies need more resources to facilitate their preparations for and participation in G-7 and G-20 meetings?
- With summit agendas shifting from one year to the next depending on the host country and current events, is there sufficient follow-through from one G-7 or G-20 summit to the next? Are countries effectively held accountable through peer pressure to implement their G-7 and G-20 commitments?
- Does the Trump Administration's approach at the G-7 and G-20 help further U.S. interests by pushing for debate and discussions, or does it harm U.S. interests by alienating historically-key U.S. allies?
- What more could or should the G-7 and G-20 be doing to encourage economic recovery amidst the global pandemic?
- Is it appropriate for the United States or other countries to boycott or condition their participation in international meetings on policy changes in the host country and if so, under what circumstances?
- When the United States chairs the G-7 or G-20, how should meeting sites be selected?

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