



Task Force 7  
Towards Reformed Multilateralism: Transforming Global  
Institutions and Frameworks



# BUILDING G7-G20 SYNERGY FOR A MULTIPOLAR WORLD

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Jayant Prasad, Former DG, IDSA

Syed Munir Khasru, Chairman, The Institute for Policy, Advocacy, and  
Governance (IPAG)

Aleksandra Jaskólska, Assistant Professor, University of Warsaw


Monish Tourangbam, Associate Professor, Amity University Noida

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# **Abstract**





**T**he world is currently in a period of transition towards multipolarity. This Policy Brief explores the importance of policy coordination between multilateral groupings with a focus on the G20 and G7, and argues that through institutional mechanisms, member countries can align their national strategies with a broader global vision. The G20 and G7 face common


challenges, including achieving the Sustainable Development Goals (SDGs), energy transition, climate change, digital transformation, and the ongoing international financial crisis. The brief recommends that the G7 and G20 coordinate policies and initiatives in a manner that reboots multilateralism in the wake of fast-changing ground realities.



# Background

1





India's Minister of External Affairs, S. Jaishankar, speaking at the Valdai Club, Russia in 2019, commented that the world was going through an era of “stronger multipolarity” and “weaker multilateralism”, reflecting India's perception of the complex global landscape it has to navigate.<sup>1</sup> Multilateralism has been at the forefront of international relations since the end of the Second World War, with the creation of the United Nations and multiple other forums such as G7, which was formed in the 1970s. Three decades later, the G20 was founded. During this period, the world slowly began shifting from the unipolar order, which emerged after the end of the Cold War, towards multipolarity.

A distinctive feature of the rise of the multipolar world order in the 21<sup>st</sup> century has been the proliferation of plurilateral institutions. In the post-Cold War period, many states (Brazil, China, India, and Germany) as well as non-state actors (European Union, EU; Association of Southeast Asian Nations, ASEAN; G7; and G20) emerged as important players in global geopolitics. The G20, which includes the G7 countries and several emerging economies of the Global South, represents 85 percent of global economic output.<sup>2</sup>

The world is standing at the cusp of a transition from the old to a new order.<sup>3</sup> As with any period of change, the current one is marked by uncertainties. On the one hand, there is great promise in multilateralism as key to solving problems of global governance. On the other hand, new uncertainties in inter-state relations and the intensifying rivalry between the US and China are imperilling multilateralism. Moreover, the COVID-19 pandemic, despite having been expected to bring countries together on multilateral platforms, instead presented new challenges to coordination, including global supply chain disruptions and rising protectionist tendencies.<sup>4</sup>


Beginning in February 2022, the Ukraine crisis upended European security order, raising new questions on aligning security concerns and responses among major powers.<sup>5</sup> Ever since the global financial crisis of 2008, the G20, including several emerging economies, have shouldered greater responsibility in addressing global economic and financial challenges—what had earlier been the domain of the G7. Among the members of these two multilateral groupings, there is a wealth of experience and resources in addressing the various issues related to multilateral governance.



# **The Challenge**

# **2**





**M**ultilateralism is meant to promote the interests of multiple nation-states, as opposed to the national interest of just one country or of a specific group of countries. However, it would be naive to presume that inter-state competition will not interfere with the opportunities for multilateral cooperation and coordination. Therefore, the primary challenge for the votaries of multilateralism will be finding incentives for cooperation amidst competition.<sup>6</sup>


At the heart of institutions is bargaining among members to align their interests and objectives. While bargaining may be geared towards a mutually beneficial scenario, it is a task that is easier said than done, and the role of power in the process is undeniable. National interest is indeed paramount, but contemporary international affairs are testimony that diverse national interests need to be aligned through multilateral means to achieve relative consensus on problems that require more than just the fulfilment of national objectives.<sup>7</sup>

Cooperation in multilateral institutions is not guaranteed and must be negotiated for more effective global governance.

The debate on an emerging multipolar world order has gained momentum in recent times. Though multipolarity comes with the notion of multiple centres of power, making more space to create leverages in order to protect and promote one's interest, it does not fully prevent stronger powers to advance their interests at the cost of others.

Multilateral mechanisms and memberships in multilateral institutions are means by which countries ensure balanced cooperation. However, the paradox remains that countries are self-interested actors who either spearhead the creation of multilateral institutions or seek membership in them only if it serves certain purposes. In this context, it is imperative to throw light on the positive developments in multilateralism and the gains it has made, while analysing the challenges that it faces in the current era of geopolitical, geo-economic, and technological transition.

Multilateral developments include cooperation, which aims at establishing free trade and preferential trade agreements, enlargement of institutions, greater interest in cooperation in the field of security, and the development of connectivity projects. It is equally



important to effectively respond to the growing threats of cyber warfare, technological disruptions, and the rise of authoritarianism—all of which require a coordinated response from the international community.

## Challenges

**Rise of Populism:** The rise of populism in different parts of the world has led to pushback against multilateralism. Populist leaders often prioritise national interests over global cooperation and advocate for protectionist policies that can impede international trade and cooperation.

**Immobilisation of international organisations:** Several international organisations, which are meant to foster multilateralism, have been facing difficulties. The World Trade Organization (WTO) remains the core institution in global economic governance and is recognised by the biggest number of international actors. However, there is no denying that, currently, the WTO is struggling to perform its core functions to ensure that international trade is open, inclusive, and rule-based.

**Geopolitical tensions:** Geopolitical tensions, more than any other factor, compel us to assess the chances for multilateralism, wherein coordination among major powers, or lack of it, can either make or mar initiatives.<sup>8</sup>

**Policy differences:** At the Indonesian G20 Summit 2022, agreeing on a joint communiqué on several important issues such as climate talks and global financial challenges became a challenge. One also witnessed the failure of G20 finance ministers to agree on a joint statement in February 2023 in India, giving an indication of the challenges ahead.<sup>9</sup>

**Failure to address global challenges:** The inability of multilateral institutions to effectively address global challenges has contributed to the erosion of multilateralism. While multilateralism has been the backbone of the UN system, the pressing question remains effectiveness and efficiency.

**Limited resources:** At a time when resources are limited, the need for multilateralism is growing exponentially, making it challenging to address the world's most pressing issues, including



food shortages, abject poverty, energy crises, supply chain disruptions, and inflationary pressures.

## Developments

**Economic cooperation:** As of 2023, G7 and G20 countries have the most trade agreements among other countries. In 2022, US President Joe Biden launched the Indo-Pacific Economic Framework for Prosperity (IPEF);<sup>10</sup> negotiations for a Free Trade Agreement (FTA) Indonesia and the European Union were launched in 2016; negotiations for an FTA between India and the EU began in 2021 and is meant to be signed in 2024; and the Regional Comprehensive Economic Partnership trade pact took effect on 1 January 2022.<sup>11</sup>

**Enlargement of existing institutions:** In the coming years, ASEAN may accept Timor-Leste as its 11<sup>th</sup> member, making it the first enlargement since 1999. The EU, in spite of the challenges, is in the constant process of expansion;<sup>12</sup> by 2027, some of the Western Balkan countries may join the EU. Similarly, Shanghai Cooperation Organisation (SCO) accepted India and Pakistan in 2017 as new members. During the SCO summit in 2021, member countries

agreed to accept Iran.

**Connectivity projects:** Multilateralism also focuses on building connectivity, which has been a significant global trend over the last two decades. Irrespective of the provenance of individual projects, efforts are needed to make them open, transparent, and inclusive. For example, the Belt and Road Initiative is a massive China-led infrastructure project aiming to stretch around the globe. Similarly, ASEAN developed the Master Plan on ASEAN Connectivity (MPAC). India has also been actively developing infrastructure in northeast India, including the Bangladesh-China-India-Myanmar (BCIM) Corridor.


Multilateral development and challenges to multilateralism affect global governance, which is defined as the way in which global affairs are managed. Both state and non-state actors have an important role in this process. Multilateralism remains the primary means of identifying and finding solutions to some of the most pressing transnational issues. It may be relatively easier to find consensus on some issues than on others where power rivalry exists.



# **The G20's Role**

# **3**






**T**he G20 and the G7 serve different purposes and have different membership criteria. The G7 is an exclusive group of seven highly industrialised nations and was created to coordinate economic policies among member countries and promote global economic stability. Meanwhile, the G20 includes both developed and developing countries and is focused on international economic cooperation and decision-making. It comprises 19 countries in addition to the European Union, thus representing around 85 percent of the world's GDP and two-thirds of global population.

The G20 faces common challenges that include achieving the SDGs, energy transition, climate action, digital transformation, and overcoming the ongoing international financial crisis. Fulfilling these goals requires a multilateral coordinated response between the G20, G7, and beyond. The G20 could take the initiative in boosting policy coordination between the G20 and G7 as the foremost platform for global economic cooperation. The goal may be to build on what has been successful, reform outdated systems to better represent current existential

issues, and envision a multilateral ethical code of behaviour.

While there is some overlap in the membership of the G20 and the G7, the G20 has a broader mandate and a more diverse membership, and therefore in a better position to represent the interests of both developed and developing countries. There is a risk that if the G20 and G7 were to synergise too closely, the G20 may lose some of its developing-world mandate. The G20 mandate includes a focus on issues that have disproportionate impacts on developing countries, such as poverty reduction, economic growth, financial stability, and climate change. However, if the two groups work together in a constructive and inclusive way, they can achieve greater global economic stability that can benefit both developed and developing countries alike.

Effective multilateralism is crucial in the current multipolar world, and policy coordination between multilateral groupings, with a focus on the G20 and G7, is necessary to address the challenges faced by the international community. Through aligning policy priorities and implementation in areas that urgently call for effective



multilateralism, the G20 and G7 could lead the way in promoting a coordinated response to the challenges facing the international community.


G20 India's opportunity to shape the group's agenda and hence, multilateral governance at the global high table, comes at a point of inflection. In the midst of transformative geopolitical, geo-economic, and technological changes, India's call for inclusiveness and multilateral diplomacy will be put to the test. How national resources can be aligned in the face of diverse national strategies to find global solutions will remain the primary task of G20. Geopolitical rivalries are strong enough to place roadblocks in the way of coordination, if not completely derail it. Transnational challenges like threats from climate change, health security, and technological governance would require a multilateral approach as well as a culture of cooperation among the global powers.

While the lure of multilateralism as the antidote to major transnational issues is apparent, in times of adversity, countries turn insular and resort to a protectionist approach, undoing the forces of globalisation. Indian Prime

Minister Narendra Modi's call to act together to resolve today's challenges and put an end to the era of war has reverberated widely, saying, "Today, we do not need to fight for our survival - our era need not be one of war. Indeed, it must not be one."<sup>13</sup>

The PM further proclaimed that India's G20 presidency will be "inclusive, ambitious, decisive, and action-oriented."<sup>14</sup> Stitching together a feasible global consensus on matters of global concern has been the focus of modern diplomacy across the spectrum of problem areas. The primary agenda of international negotiation has been how to provide incentives for cooperation and make aggression or non-cooperative behaviour costly.

Today, while questions are being raised on how the old order has failed to deliver, the promise of the new order is yet to be realised. The biggest challenge for India will, therefore, remain the formidable task of aligning national, regional, and global strategies. The primacy of the G20 as the multilateral platform for finding solutions to global governance is being increasingly recognised by all stakeholders. From fostering international cooperation on



economic development, international security, global health, issues of human rights, and environment, India and succeeding G20 presidencies must leverage the forum as well as various multilateral mechanisms within it to build feasible, tangible, and effective consensus to align global solutions with national priorities.

The G20 can work to promote greater cooperation and collaboration between developed and developing countries, such as by supporting initiatives that promote sustainable development,


reduce inequality, tackle climate change, and promote trade and investment. The development agenda of the Global South and the economic priorities of the developed north do not necessarily have to be mutually exclusive propositions. The challenge for multilateralism include harnessing the forces of convergence between the G20 and G7 while maintaining the inclusive and representative mandate of the G20 to promote greater cooperation between developed and developing countries.



# **Recommendations to the G20**



# **4**



**T**he G20 and the G7 presidencies need to work together to combine their strengths, and align policy priorities and implementation for the sake of global good in areas that urgently call for effective multilateralism. This includes handling economic shifts, urbanisation, climate change, energy crises, cyber warfare, and technological disruptions. India's G20 presidency could lead the way in propounding novel North-South cooperation, along with spearheading South-South cooperation.

**Global common goods:** The G20 and G7 need to work together to take care of shared resources that fall outside the domains of both private and public goods. Global common goods, similar to global common threats, have become the centre of attention since the outbreak of COVID-19 in 2020. The issue of food security for vulnerable populations is being highlighted, and there has been a rise in ambitious measures towards climate mitigation as well as the improvement of health and wellbeing through balanced diets.


**Promote dialogue and cooperation:** The G20 and G7 could encourage issue-based dialogue and cooperation among

countries, including the establishment of institutional mechanisms for multilateral engagement on key global issues. This could help build trust and promote greater understanding of each other's interests and perspectives. Member states may promote a common stand on international issues on the forum of regional institutions (like SCO) or international forums (like BRICS).

**Support international institutions:**

The G20 and G7 could work to support international institutions to function more effectively, such as the UN and its agencies, and the WTO, which plays important roles in promoting global cooperation and addressing common challenges. This could involve providing funding, promoting institutional reform, and working to build consensus among member states.

**Establishing a G20 Fund:** The G20 pandemic fund was created because of the COVID-19 outbreak. Similar initiatives may be undertaken with the assistance of the G7 to promote SDGs by shrinking the gap between the Global North and South. The existing collaboration between the G20 and G7 on the tax principles for economic development and addressing debt burdens may be extended to



other areas such as ensuring that globalisation proceeds in consonance with global development imperatives, environmental challenges, and individual, regional, and global national security concerns.

**Strengthen global governance:**

The G20 and G7 could promote the development of a stronger system of global governance, including by encouraging greater representation of developing countries in international institutions and promoting the rule of law in international affairs. An annual meeting of leaders of countries that hold the G20 and G7 presidencies will be a useful mechanism that will allow for further cooperation in achieving common goals.

**Promote cultural exchange:**

The G20 and G7 may promote increased cultural engagements between nations through student exchange programmes, cultural festivals, and other activities that foster a better understanding of other cultures. For example, a G20/7 University of G20/7 could be established. Further, countries holding the G20 and G7 presidencies should host coordinated cultural events.

**Address global challenges:** The G20, with the support of G7, could prioritise global challenges that require collective action, such as climate change, public health crises, and terrorism. By working together to address these issues, the G20 can demonstrate the value of multilateralism and promote greater cooperation among countries.


**Share good practices:**

A financial mechanism can be established on sharing good practices between member countries of the G20 and G7 and creating joint research teams consisting of scholars, specialists, business people, and policymakers.

**Incentivise cooperative behaviour:**

One of the primary concerns is to project multilateralism as an attractive proposition for the attainment of common goals, particularly on issues related to the management of the global commons. Making compliance to the multilateral order beneficial as well as making defiance of it costly, even for great powers, will remain a challenge for both the G20 and G7.





**Minilateral initiatives:** Multilateral developments as well as challenges of multilateralism require cooperation, compromise, and collective action from the international community to promote global cooperation. Achieving such cooperation requires coordination between the G20 and G7. Finding a common ground and a coordinated approach may be a significant challenge because members of both groups may have different goals and priorities that may not always align. Minilateral initiatives are an important part of the cooperation among G20 and G7 members, which are intended to address a specific issue, with states sharing the same interest in resolving it within a finite period.

The G20 has a significant part to play in advancing multilateralism in a world that is becoming more complex. The G20 may contribute to fostering regional and worldwide public goods for a more stable, prosperous, and peaceful world by enacting policies that foster discourse, support international institutions, enhance global governance, promote cultural interchange, and solve global concerns.


Attribution: Jayant Prasad et al., "Building G7-G20 Synergy for a Multipolar World," *T20 Policy Brief*, May 2023.



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