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Considering and evaluating inviting Less Economically Developed Countries to the G20

G20

**Julian Haverkate and
Zeynep Tantalkaya**
Main and Deputy Chair



Forum: The Group of Twenty

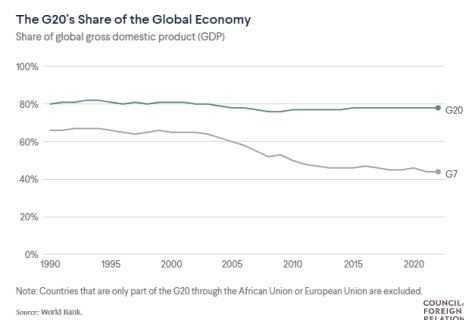
Issue: Considering and evaluating inviting Less Economically Developed Countries (LEDCs) to the G20

Name: Julian Haverkate, Zeynep Tantalkaya

Position: Main chair, deputy chair

Introduction

The Group of 20, established in 1999, is a forum comprising the world's leading economies. It is made up of nineteen countries, the European Union, and, as of 2023, the African Union. The integration of Less Economically Developed Countries (LEDCs) into the G20 is an issue of somewhat controversy, due to the G20's definition as a congregation of the world's most developed economies. LEDCs, by name, are countries that have not reached the level of economic stability of more economically developed countries, perhaps relying too heavily on primary industries, or having a lower income or rate of industrialization. The G20 began to address global financial stability, as such, the world's most influential economies were invited, allowing the solutions posed in the forum to effectively impact economies across the world. Today it reaches beyond issues merely concerning the economy, touching upon other pressing problems such as climate change and sustainable development. With this expansion through time, it is very much worth discussing the invitation of LEDCs into the G20 and evaluating the importance of promoting inclusivity on such critical matters as are examined within the forum.



Definition of Key Terms

LEDCs

LEDC stands for Less Economically Developed Country. Such nations are often characterized by lower levels of industrialization, income and human development. They often rely on primary industries to make up most of the economy, which can lead to economic instability.

MEDCs

MEDC stands for More Economically Developed Country. Such nations are characterized by higher levels of industrialization, income, and human development. They often have diversified

industries leading to more stable economies, with higher life expectancies and lower poverty rates compared to LEDCs.

Invitees

Invitees are participant states that are not members of the G20 and have been extended invitations to join specific summits to lend opinions or expertise. The country hosting the summit often invites a few neighboring countries as well as the UN, World Bank Group, and the World Trade Organization being invited to plan summits within their respective previews.

Summits

Since 2008 the G20 meets at least once a year with one of its members acting as host for each meeting called a summit. Hosts often use the fact that they organize the summit to place the focus where they want it. Analyzing the trends and agreements made at these meetings year after year can give a good idea of not only the G20's priorities but also the future of the most important countries and their plans with the international community.

Gross World Product (GWP)

Gross World Product also known as Gross World Income is the combination of all of the gross national incomes of all the countries in the world. This metric is calculated and used by many economists and organizations focused on worldwide economic trends such as the World Bank who regularly report their findings on the Gross World Product. As stated in the introduction of this report the members of G20 among its 19 Countries and two IGOs (EU and AU) have controlled 85% of the world's GWP since its founding.

Gross Domestic Product

A measurement used to gauge the size and health of a country's economy. It measures value based on goods and services produced in a given period of time.

Inter-Government Organizations (IGO)

A Group of sovereign governments collaborating to tackle issues in their organization's purview. IGOs make up much of the international governing community with prime examples being the United Nations, African Union, European Union, The G20, NATO, and the International Court of Justice.

Economic Crisis

An economic crisis is a sharp and sudden drop in economic activities, high volumes of unemployment, falling GDP, and instability in financial markets. The causes of an economic crisis may include financial instability, external shock, policy failure, and market imbalance. Effects can be observed through increased levels of poverty, social disturbance, government debt, and long-term economic damage. The most striking examples would include the Great Depression, the Global Financial Crisis, and the Eurozone Debt Crisis.

General Overview

As with most forms of 20th and 21st-century international cooperation, the Group of Twenty finds its roots in the initiatives to prevent a sequel to World War two. The idea was first made clear at the Cologne Summit of the G7 in June of 1999, and it was officially established in another G7 meeting in September of that year. The G20 was part of the response to the Asian financial crisis and would continue to prove its value with its responses to future crises like the one in 2008. In recent years the G20 has been criticized for inaction, especially with the multiple issues that they were expected to respond to during the COVID-19 pandemic. Nevertheless, they fell short of these expectations. The international community has been critical of the G20 in the past for not hearing the voices of LEDCs while discussing matters that will directly affect those same countries. Until 2023 there was one instance of an African nation having any presence in the G20 and that was Egypt via form of invitation. Africa is the largest block of member states in the UN and in response to the lack of presence of the continent in the G20, the group invited the African Union in as a permanent member of the G20 making it the second IGO to join the G20 after the European Union. Even after this addition the sentiment that the G20 lacked inclusion remained.

The topic of inclusion of all member states is much more important today, seeing as there is a greater discussion of global problems and not specifically exclusive to economics. In fact, in topics such as climate change, there is a disproportionate effect on LEDCs compared to MEDCs. LEDCs often lack the infrastructure and economic stability to be able to rebuild from extreme weather events such as natural disasters, which happen more frequently as climate change gets worse. The changing weather patterns are also detrimental to economic growth in LEDCs, as weather such as droughts become more common, decreasing crop yield and therefore affecting the income of many, especially as agriculture is a primary industry in many of these nations. And yet, these countries emit the least amount of greenhouse gases. The greatest emitters of greenhouse gases are MEDCs, those who are present in the G20. The fact that LEDCs, who are most affected by the actions of these

MEDCs, do not have a say in the matter is unjust. At the beginning of the formation of the G20, being comprised of the leading economies was a benefit, as the main discussions were about solving the current economic crises at the time, so the member states could draw upon each other's influence to assist in reaching a solution. The G20 accounts for around 85% of the world's GDP, more than 75% of global trade, and around two-thirds of the population of the planet (excluding countries that are only members through the EU and AU). With such high figures, even back in 1999 and 2008, it was easier to gather support and assist in solving economic issues. Now, the G20 has tried to branch out in the topics it tackles, and merely being influential economies isn't enough. The voices of minority nations, which are often the topic of discussion in the G20 forum, must be enlarged to fit the proportion by which such issues affect them.

The divide between the subject of issues and those working to solve it can also be unproductive. In the G20 2016 Leaders' Summit in Hangzhou, China, the "G20 Initiative on Supporting Industrialization in Africa and Least Developed Countries" was launched. It worked to tackle the issue of lack of industrialization in LEDCs. However, on a survey of the countries in this initiative was launched, only a few of them (four out of nineteen surveyed) were aware of the initiative in the first place, and it wasn't easy to establish a link between the initiative and actual actions taking place in LEDCs to carry it out. To create a more effective solution to such issues, it would be incredibly beneficial to include the countries affected by the issue in the discussion process. By integrating these countries in the strive to develop strong responses to the problems plaguing them, the G20 can more effectively carry out the methods detailed in this solution due to raised awareness and a stronger bond between nations.

Up until this point, this report has only mentioned the benefits of including LEDCs in the G20. But it isn't all as simple as that. There are a few issues with integrating LEDCs into the G20. Firstly, the goals of LEDCs and current G20 member states often diverge, and so the more nations added to the forum, the more likely it is for nations to disagree. Slowing down the decision-making process decreases the efficiency of the forum, and it is important to find a way to balance inclusion with efficiency. There are also concerns about how much LEDCs could contribute to the discussion, as MEDCs have more stable economies and, as such, are more ready and able to participate in solutions. LEDCs, on the other hand, may not possess the resources to contribute to shared solutions. One more issue is the problem of power dynamics within nations, as having LEDCs in G20 may not directly translate to them being integrated into discussions. In fact, it is possible that a divide may form between current G20 members and newly invited LEDCs, compromising the forum's functionality and heightening tensions. Again, it is important to keep in mind the importance of weighing between inclusivity and efficiency.

The G20 plays a pivotal role in international collaboration and the world's economic health. They hold yearly summits to discuss pressing global matters and put forward economic Agendas. The leaders of 19 countries and 2 IGOs come together and invite their permanent guests to participate in these summits, keeping in mind that the Group has a system to invite guests to participate in specific summits as well as all of them as permanent guests or as members of an affiliate IGO, there are many ways to invite LEDCs into the G20 summits to hear their perspectives and values. The question no longer becomes about if the Group of Twenty can invite LEDCs but if they should. And if they decide to invite these LEDCs, how will they adjust their invitation program and summit structure to account for these new participants?

Timeline of Key Events

Date	Event
26th September 1999	The G20 is established at the G7 financial ministers meeting as a response to the Asian financial crisis
14th-15th November 2008	The G20 holds its first official leader's summit in response to the world financial crisis
2nd April 2009	The G20 has its second summit, officially being designated as "the premier forum for international cooperation"
4th September 2016	President Xi Jinping and Barrack Obama collaboratively announce their accession to the Paris Agreement on climate at the G20 summit in Hangzhou.
21st November 2020	G20 Riyadh summit saw the group attempt to tackle covid in their virtual summit. This summit and its effects resulted in much criticism.
9th September 2023	The African Union is granted permanent membership in the G20 at the G20 New Delhi summit.
10th September 2023	India placed a heavy focus on issues facing LEDCs as they hosted the years' summit. (Only a few regional LEDCs were invited despite this)

Major Parties Involved

Group of 20

The Group of Twenty or G20, as known by its abbreviation, saw its earliest beginnings when the finance ministers and central bank governors of the world's major economies would get together and share their thoughts for the purpose of coordinating economic policy. It evolved into a leaders' summit, with the first meeting being between heads of state in the year 2008 amidst the Global Financial Crisis. The G20 is very important in global governance for dialogue among the largest economies of the world, accounting for about 85% of the GDP of the globe and about 75% of the total international trade. Among the high-priority issues discussed by G20 are economic stability, climate change, health crises, and sustainable development. It aspires to stimulate international economic cooperation and coordination between the member nations toward securing the growth of the world's economy. The G20 works via two parallel tracks: the Finance Track, which involves the finance ministers and governors of central banks and deals with fiscal policy, financial regulation, and monetary issues, and the Sherpa Track, wherein senior officials-somewhat humorously called Sherpas-develop the agenda and negotiate the outcomes for the leaders' summits. It also includes a rotating presidency and an annual summit. The informal structure of the G20 allows flexibility and adaptability in response to global challenges and is an important forum for international economic cooperation. The main talking point of this issue is inclusion in the G20 forum. The G20 does invite LEDCs, but there have not been any specific LEDCs admitted as permanent members. It has faced scrutiny for discussing topics affecting LEDCs while not having any be a permanent member of the forum.

The United Nations (UN)

The UN is the Largest IGO on earth and is the most present body of the international community. The UN promotes the inclusion of LEDCs in G20, having praised the granting of permanent membership to the African Union in 2023, believing it important to give a voice to member states who don't have the chance to talk about the problems that have an impact on them.

Less Economically Developed Countries (LEDCs)

All LEDCs are involved in this issue. It is in their best interest to become a more permanent part of the G20, being the premier forum for international economic cooperation. By integrating

themselves into the G20, they can have a channel to express their wishes and collaborate with member states to assist in development.

The European Union

The European Union is the political and economic union established by the Maastricht Treaty in 1993. The union maintains peace, stability, and prosperity among its 27 members. The institutions involved in running the EU include the European Commission, the European Parliament, and the Council of the European Union. These include cooperation in policy formulation and implementation that binds the member countries on various issues, such as trade, security, and environmental protection. The European Union is an important factor in global governance and a full member of the G20. Since 1999, the G20 included the IGO in their members. In doing so, it gives access to the EU for discussions on major international economic issues while still allowing the representation of interests in common by its member states. This also explains the reason for participation in the G20-to represent a line that advances economic growth and sustainable social inclusion at a world scale, drawing upon the community's weight in international decision-making.

The African Union

The African Union (AU) is a successor to the Organization of African Unity (OAU) and was established in 2001. It aimed at unity, economic development, and peace for African countries, amongst others, seeking conflict resolution, protection of human rights, and attaining sustainable development. In a nutshell, the AU functions through the Assembly of Heads of State and Government, the Peace and Security Council of the AU, and the Pan-African Parliament, amongst others. These organs work together on major challenges facing the continent, from poverty and conflict to climate change. In 2023, the AU became a full member of the G20. This historic inclusion gives Africa a voice in global economic discussions. The AU will attend the next G20 Summit in November 2024 and advocate for African priorities such as development and food security.

Possible Solutions

In order to properly handle this issue, it is important to keep in mind previous attempts at integrating LEDCs in the G20 and pre-existing methods that exist in order to do so. For example, the G20 has a system to invite parties to join their summits that is underutilized and has potential.

Pursuing Improving this system and writing legislation to help bring LEDCs relevant to the issues they handle to the summits as invitees may be a good idea to pursue. Often, in summits, the hosting nation invites neighboring countries to the summit, which could be a beneficial way of including LEDCs in the vital discussions without compromising the efficiency of the G20. In fact one of the main themes of this year's summit in Rio de Janeiro is social inclusivity and inviting LEDCs would be a great way to promote the theme and also smoothly integrate LEDC voices into the conversation. Another method could be the manner used by the African Union, which would be to add them to the forum as an IGO, which could mean they would be able to collectively contribute more despite individually not having as many resources.

Should the members of the G20 decide that due to the nature of the G20 LEDCs should not be in attendance more than they already are then a potential solution to the sentiment that the G20 doesn't take them into consideration would be to put forth new ways to include them without affecting the nature of the group of twenty, for example using similar video technology as the ones they used in covid to call on heads of state from LEDCs should they feel their voice should be heard during a given discussion.

Further Reading

<https://www.cfr.org/background/what-does-g20-do#chapter-title-0-2>

This article from the Council of Foreign Relations describes a brief history of the G20 and the current issues on its agenda, along with some helpful diagrams to help with visualization. It is a quick read and a good way to gain a quick guide on the basics of the G20.

[https://www.weforum.org/stories/2023/09/african-union-g20-world-leaders/#:~:text=The%20African%20Union%20\(AU\)%20has,prior%20to%20the%20AU%20joining](https://www.weforum.org/stories/2023/09/african-union-g20-world-leaders/#:~:text=The%20African%20Union%20(AU)%20has,prior%20to%20the%20AU%20joining)

This is an article by the World Economic Forum, discussing the inclusion of the African Union as a permanent member of the G20 and what it means for the continent. It gives a good perspective on the importance of inclusion, and the reaction of different parties on this topic.

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