



## CRS Report for Congress

# The Group of Eight Summits: Evolution and Possible Reform

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### Summary

The Group of Eight (G8) summit is a forum to informally discuss and create policies on major foreign policy issues among the heads of state of the United States, France, Germany, Canada, Italy, the United Kingdom, Japan, and Russia. The 2007 summit will be hosted by Germany and is scheduled to take place in Heilegendamm on June 6-8, 2007. This report discusses the evolution of the G8 and possible reform as background for the meeting. This report will be updated as events warrant.

The Group of Eight (G8) is a heads of state forum of the major industrialized democracies to informally discuss and create policies on major foreign policy issues. It was established following a 1975 conference among the leaders of France, Germany, Italy, Japan, the United Kingdom, and the United States, in Rambouillet, France. Canada was added at the second meeting, held in Puerto Rico in 1976. In 1997, Russia was added to the forum. During 2007, Germany holds the G8 presidency and will host the G8 heads of state summit in Heilegendamm, Germany on June 6-8, 2007.<sup>1</sup>

At the annual G8 meetings, heads of state seek to reach agreement on various policy initiatives, which they can then implement both unilaterally and through international institutions. Unlike these institutions, the G8 has no standing bureaucracy, staff, or infrastructure (according to one British diplomat, “it hasn’t got either a cafeteria or pension plan”).<sup>2</sup> Nevertheless, the G8, and the system of international summitry that has sprung up around it, have helped address several major international security and economic concerns over the past 30 years.

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<sup>1</sup> This report will use the designation “G8” to refer to the heads of state summits. After Russia was added to the group in 1997, they were invited to participate in all meetings except finance ministerial meetings. “G7” refers to meetings of finance ministers.

<sup>2</sup> Penttila, Risto E. J., “The Role of the G8 in International Peace and Security,” *Adelphi Papers*, vol. 355, May 2003, p. 1.

In its current incarnation, one analyst discerns three main goals of the G8 summits: (1) Exercise political leadership by launching new ideas and resolving problems that cannot be settled at lower levels; (2) Reconcile the international and domestic pressures on policy-making generated by growing economic interdependence; and (3) Promote collective management between Europe, North America, and Japan on issues of global political and economic governance.<sup>3</sup> Left out of this agenda are the developing countries. Developing countries, such as China, are growing rapidly and are increasingly relevant to the global economy and international security. The future role of the G8 may likely be determined by how it decides to engage the developing world.

There is a wide range of views on the G8. To critics of the G8, its meetings represent an expensive photo opportunity for the presidents and prime ministers of the wealthiest nations. The July 2000 summit in Okinawa, Japan, was deemed a success by G8 members, “based largely on the lack of controversy and the sheaf of joint communiqués worked out in advance by their staffs.”<sup>4</sup> An informal group, the G8 has no actual international enforcement power, no formal crisis management capacity, no long-term policy making capacity, limited continuity, and weak capacity to implement many of its prior commitments. G8 critics contend that other institutions, such as the United Nations and the international financial institutions, where developing countries have more influence, may thus be better suited for addressing international problems.

Others see the G8 emerging alongside the United Nations as a separate facility for global governance. With a flexibility borne out of no given mandate, agenda, or bureaucratic infrastructure, the members of the G8 can act very quickly and decisively when its members are in agreement. G8 members are often the largest shareholders or financial contributors of the more formal international institutions. Through informal dialogue at the G8 meetings, these countries can often set the agenda and priorities of the other institutions. On several issues including debt relief for the poorest countries, conflict in the former Yugoslavia, and curbing international terrorist financing, the G8 has been able to effectively coordinate international action.

## Organization

Over the past 30 years, an elaborate G8 system has been established. At the apex is the leaders’ summit, typically held in the summer and hosted by one of the G8 member countries. The G8 presidency rotates annually and follows the following cycle: France, United States, United Kingdom, Russia, Germany, Japan, Italy, and Canada. The G8 president sets the agenda and determines if nonmember countries and stakeholders (such as nongovernmental organizations) are invited to the summit.

In addition to its annual heads of state summit, the G8 has widespread meetings at the ministerial level. The G8 has developed a network of supporting ministerial meetings, which allow ministers to meet regularly throughout the year in order to continue the work set out at each summit. These include meetings of finance ministers, foreign ministers, and environment ministers, among others. G8 ministers and officials also meet on an ad

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<sup>3</sup> Nicholas Bayne, “Prospects for the 2005 G8 Gleneagles Summit,” available at [<http://www.g8.utoronto.ca/speakers/bayne2004.htm>].

<sup>4</sup> Doug Strick, “U.S. Weighs North Korea Offer,” *Washington Post*, July 23, 2000.

hoc basis to deal with pressing issues, such as terrorism, energy, and development. From time to time, the leaders also create task forces or working groups to focus intensively on specific issues of concern, such as drug-related money laundering, nuclear safety, and transnational organized crime. A final layer is the leaders' personal representatives known as the G8 "sherpas" or guides. The G8 sherpas meet in the run-up to the summit to prepare the summit agenda and documents. Following the summit, the sherpas meet to review progress on previous G8 initiatives.

The principal document of each summit is the communiqué, or since 2002, the chair's summary. The content of the document is determined by the host country. One commentator has remarked that "[t]he communiqué has grown into a long, unwieldy 'Christmas tree' with each country adding its cherished special interest 'ornament'."<sup>5</sup> In recent years, the chair's summary has been supplemented by various action plans, declarations, and statements.

G8 members have a large amount of economic and political power individually and can bring that power to bear to advocate for G8 initiatives at the more formal international institutions. In many cases when G8 priorities aligned, G8 members have demonstrated an ability to wield their significant economic and political clout to policy shifts at multilateral institutions following agreement among the G8 principals. Two examples are reform of the international financial system, which first emerged during G8 finance minister meetings in 2000, and the introduction of 100% multilateral debt relief for the poorest and most indebted countries, which emerged from the 2005 G8 summit in Gleneagles, Scotland.<sup>6</sup> On other issues, such as climate change and energy security, where G8 priorities diverge, progress has been more limited. Germany's 2007 G8 agenda reflects an expressed interest in returning to the roots of the G8 summits by placing economic issues at the core of the summit. The focus of the forthcoming July meetings is expected to be threefold: (1) the stability of the international economy — including issues such as free trade, protectionism, employment, and global imbalances; (2) Africa — good governance, sustainable investment, peace and security; and (3) cooperation with emerging economies and increasing their involvement in the G8 process.<sup>7</sup>

## Evolution of the Membership

The first summit was held in Rambouillet, France, on November 15-17, 1975, and included the six "major industrialized democracies": the United States, France, Germany, Italy, the United Kingdom, and Japan. According to the 1975 Rambouillet communiqué: "We came together because of shared beliefs and shared responsibilities. We are each responsible for the government of an open, democratic society, dedicated to individual liberty and social advancement." The communiqué continued to state the purpose of the

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<sup>5</sup> William E. Whyman, "We Can't Go On Meeting Like This: Revitalizing the G-7 Process," *The Washington Quarterly*, vol. 18, no. 3 (Summer 1995), pp. 139-165.

<sup>6</sup> See CRS Report RL33073, *Debt Relief for Heavily Indebted Poor Countries: Issues for Congress*, and CRS Report RS22534, *The Multilateral Debt Relief Initiative*, both by Martin A. Weiss.

<sup>7</sup> The official website for the German 2007 G8 summit is [<http://www.g-8.de/Webs/G8/EN/Homepage/home.html>].

newfound group: “to assure in a world of growing interdependence ... closer international cooperation and constructive dialogue among all countries, transcending differences in stages of economic development, degrees of resource endowment and political and social systems.”<sup>8</sup> The first summit focused on discussing responses to several international economic crises of the early 1970s, primarily the 1971 collapse of the Bretton Woods financial system, as well as the 1973 Yom Kippur war and the ensuing oil shock. U.S. President Gerald Ford decided to host a second conference in Puerto Rico in June 1976 and invited Canada to the meetings. This brought an additional North American country into a Europe-heavy forum. Since 1977, the European Union participates at the G8 summit and is represented by the President of the European Commission and the leader of the country that holds the Presidency of the European Union.<sup>9</sup>

**The Addition of Russia to the G7.** Russia, the most recent member, joined in 1997. The addition of Russia to the G8 marked the pinnacle of the transition of the G8 from an institution focused on economic issues to one with political issues at its core. Many analysts agree that Russia was added to the G8 in exchange for its cooperation on three pressing issues: (1) Eastern European entry into NATO, (2) terrorism, and (3) nuclear proliferation. In exchange for being allowed to join the G7, Russia subsequently relaxed its long-stated opposition towards Poland, Hungary, and the Czech Republic joining NATO.<sup>10</sup>

Russia’s hosting of the G8 summit in 2006 raised some concern among Members of Congress. Legislation was introduced in the 109<sup>th</sup> Congress, expressing the sense of Congress that Russia’s continued participation in the Group of Eight nations should be conditioned on the Russian government voluntarily accepting and adhering to “the norms and standards of democracy (H.Con.Res. 143 and S.Con.Res. 14).” The House resolution was referred to the House International Relations Committee’s Subcommittee on Europe and Emerging Threats and the Senate resolution was referred to the Senate Foreign Relations Committee. No further action was taken on either piece of legislation.

Including Russia in the G8 has also raised questions regarding the nature of the G8 as a forum, and how Russia fits into it. To what extent is Russia an “open, democratic society, dedicated to individual liberty and social advancement?” Since the G8 has its origins as a group of the largest (democratic) economies, what role should level of development have in determining membership? These questions have yet to be fully addressed by G8 policy makers, but their answers will be crucial to the future of the G8. The fact that there is no formal G8 charter or membership criteria complicates the issue.

**Table 1** presents the gross domestic products of G8 members and several large developing economies. Among Organization for Economic Cooperation and Development (OECD) countries, the GDPs of Spain (\$1,124 billion), Korea (\$800 billion), and Brazil (\$789 billion) are larger than Russia’s \$772 billion.

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<sup>8</sup> 1975 Rambouillet G8 Communique, available at [<http://www.g7.utoronto.ca/summit/1975rambouillet/communique.html>].

<sup>9</sup> Although the EU has become a full participant in the G8 summit process, it does not chair or host a summit. Thus “G8” only refers to its sovereign country members.

<sup>10</sup> Penttila, Risto E. J., “The Role of the G8 in International Peace and Security,” *Adelphi Papers*, vol. 355, May 2003, p. 43.

**Table 1. 2005 Total GDP of G8 and Other Major Economies**  
(in billions of U.S. dollars)

G8 Members	Non-G8 Members	GDP
United States		\$12,452
Japan		4,672
Germany		2,800
United Kingdom		2,197
France		2,113
	China	1,910
Italy		1,719
	Spain	1,124
Canada		1,106
	Korea	800
	Brazil	789
Russia		772
	Mexico	758
	India	746

Source: International Monetary Fund

**The G8 and China.** China is a major growing economy and crucially important to global economic and political stability. In one fashion or another, the G8 will likely be required to engage China. Like the inclusion of Russia, how the G8 engages China could dramatically alter the role of the institution. China participated on a consultative basis with the G7 finance ministers, for the first time, at the October 1-3, 2004. Outside of the G8, China has been very active in the G20 group of finance ministers and held the G20 presidency for 2005. Like the G7 finance ministers meetings, the G20 is an informal forum for finance ministers from the industrial and emerging market countries to seek consensus on international financial and economic matters.<sup>11</sup>

Some observers argue that introducing China to the G7 finance ministers, albeit initially only as a participant, may be an effective first step toward eventual G8 (G9) membership. Bringing China into the G8, as bringing in Russia, would create trade-offs for the forum. China is not a democracy, has human rights concerns, and is often not like-minded with G8 members on international economic or security policies (although there are often divisions among G8 members). This may make decision-making increasingly difficult. On the other hand, allowing China to participate in the G8 may create an important informal forum for industrialized democracies to discuss issues with China and help resolve disputes away from more formal institutions like the United Nations or through highly visible state visits.

## The Future of the G8

G8 experience with Russia and China points toward two possible options for the G8: (1) Continue to function as an informal forum for industrially developed nations to seek

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<sup>11</sup> The G20 is composed of 10 industrial countries (the G-7 countries plus Australia, Russia, and the EU president) and 10 emerging market economies (Argentina, Brazil, China, India, Indonesia, Korea, Mexico, Saudi Arabia, South Africa, and Turkey). More information is available at [<http://www.g20.org>].

consensus on policy priorities and collectively pursue them; or (2) Slowly expand to include major developing countries, and through the informal “G8 Plus” meetings try to reach consensus among industrial and developing nations on international policy concerns.

During its presidency, it appears that Germany is gradually pursuing the latter option. Germany wants to create permanent seats — albeit short of full membership — for China and other emerging countries at G8 summit meetings.<sup>12</sup> The United Kingdom had supported a proposal that would have extended full membership to China, India, Brazil, South Africa, and Mexico, but this was rejected by German Chancellor Angela Merkel, reportedly due to concerns that an expanded membership of the G8 would make discussion impossible, reflecting concerns she has had during discussions at European summits among the 25 members of the European Union.<sup>13</sup>

The G8’s current members are often the major shareholders of the international institutions and can use their influence to push policies put forth at the G8 summits. When members agree as they did on international financial institution reform and the HIPC initiative, there are institutional and procedural means to carry out decisions. However, when they disagree — as they have on environment or agriculture issues — there is little likelihood that the majority view will be pushed through international agencies over the resistance of the minority G8 voices. Disagreement stands to increase if the G8 expands to include countries such as China that are often at odds with individual G8 members. Expansion may also undermine the original purpose and flexibility of the group. Nevertheless, some analysts have proposed expanding the G8. David Owen, a former British foreign secretary, advocates adding India in 2007 and bringing in China and Brazil shortly thereafter.<sup>14</sup> At the 2006 St. Petersburg summit, British Prime Minister Tony Blair suggested that the G8 expand to become the G13, by incorporating Brazil, China, India, South Africa, and Mexico. Colin Bradford and Johannes Linn, analysts at the Brookings Institution, have called for elevating the G20 finance ministers to the leader level.<sup>15</sup>

Regardless of whether the G8 formally expands to include major developing countries, or coordinates with them at the margins of other meetings, the cooperation of the developing countries is important for advancing many of the issues that the G8 is currently undertaking. Although the G8 may be helpful in securing international agreements on some issues of concern to the developed countries alone (such as financial regulation among OECD countries), successfully addressing most international concerns (on issues such as international development, security, or climate change) would require the full participation of the developing countries themselves.

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<sup>12</sup> Hugh Williamson, “Berlin Presses for emerging nations’ role at G8 summits,” *Financial Times*, January 25, 2007.

<sup>13</sup> Bertrand Benoit and Mark Schieritz, “Germany Plans to Shake Up G8 Agenda,” *Financial Times*, July 27, 2006.

<sup>14</sup> David Owen, “G8 to G9: a formula for democracy,” *The Times*, March 2, 2006.

<sup>15</sup> Colin I. Bradford, Jr. and Johannes F. Linn, “Global Economic Governance at a Crossroads: Replacing the G-7 with the G-20,” Brookings Institution Policy Brief 131, April, 2004.