

INTRODUCTORY STATEMENT

The role of the EU in the G20

*Hearing of the Committee for Economic and Monetary Affairs of the European Parliament (ECON) on
"The role of the European Union in international economic fora"*

Wednesday, 17 June 2015

INTRODUCTORY STATEMENT BY FABIAN AMTENBRINK

Good morning, Mister Vice-Chairman Zalba Bidegain, and dear Members of the Economic and Monetary Affairs Committee. I would like to thank you, also on behalf of my colleague René Repasi and the other authors of the G20 study, for inviting us to this workshop on "The Role of the EU in International Economic Fora"

Ladies and Gentlemen,

The G20 does not qualify as an international organisation and moreover does not exercise public power in the formal sense, but it does engage in public policy making. Its statements and declarations are considered a commitment by each member country and the EU to a particular course of action, such as the regulation of particular financial market actors. And the G20 members voluntarily comply with its commitments.

This raises questions about the democratic legitimacy and accountability of this informal body and calls for a 'democratization' of the G20 have been raised. Yet, input legitimacy is difficult to realize as far as democratic elections and other direct forms of citizen's involvement are concerned. In our opinion it therefore makes sense to focus on (democratic) accountability as a tool to realize what is sometimes referred to as 'throughput legitimacy'.

A TWO-TIER ACCOUNTABILITY FRAMEWORK FOR INTERNATIONAL ECONOMIC FORA

The Yale law professor Jerry Mashaw has brought the concept of accountability rather to the point when describing it with reference to six basic questions, namely "... who, to whom, about what, through what process, by what standards and with what effect".

In our G20 study we develop and thereafter put into practice a two-tier accountability framework.

This framework cannot only be utilised to assess whether and to what extent informal international bodies, such as the G20, but also the participating member countries, are accountable for their action, but importantly also assist in identifying areas for improvement. The framework focuses on the existence of a legal environment that allow those in charge of the accountability mechanism to essentially judge the performance and conduct of the body under review, and moreover on the presence of instruments that permit assigning concrete consequences to such an evaluation.

When applying this analytical framework it becomes clear that the G20 as an informal body suffers from a serious accountability deficit on almost all accounts. Moreover, also the Union's accountability for its role in the G20 is somewhat precarious. The objectives defined by primary and secondary EU law may be said to constitute a clear yardstick. Yet, the access to information for the EP as the primary forum that holds the EU to account for its activities in the G20 is very limited. To the best of our knowledge there is no permanent exchange of information between the Union institutions and the EP. As regards instruments of accountability, the strongest means for the EP is to override Commission proposals for a legal act that aims at implementing the G20 commitments during the legislative procedure. This constitutes an effective ex post influence. Yet, there is no formal ex ante influence of the EP on policy choices made by the Union institutions.

Finally, it cannot be seen how any accountability arrangements at the level of the G20 members (national/EU level), even when considered jointly, could amount to a collective accountability of the G20.

INTRODUCTORY STATEMENT BY RENÉ REPASI

In the time that is left I would like to take a quick glance at the legal framework covering EU's action in the G20 and indicate some policy recommendations – just enough to provoke some questions from your side.

THE LEGAL FRAMEWORK SET BY THE EU TREATIES

The Union is entitled to act at the G20 level if an explicit or implied external Union competence is found in the Treaties. There is an implied external Union competence if external action is necessary for the effective use of an internal Union competence. By that, Internal Market rules on, for example, financial services that have a global impact require Union action at the G20 level. Yet, under International law, the internal division of competences between the EU and its Member States does not limit the capacity of sovereign states to act internationally. The relationship between Member States and EU is legally defined by the principle of sincere cooperation in Article 4(3) TEU. This means, in a nutshell, that unilateral action by Member States is pre-empted if there is, *first*, an exclusive external Union competence, *second*, a shared external Union competence which is exercised by the EU or, *third*, a so-called 'concerted action' when the Union has not yet exercised its competence. The latter refers to a situation in which the Commission has submitted a proposal for a Union action to the Council and the Council has discussed this proposal without a formal vote.

POLICY RECOMMENDATIONS

Based on Professor Amtenbrink's analysis and the just outlined legal framework, we would like to propose the following policy recommendations: First, EU's action should be subject to a public mandate adopted by the Council. Second, the EU and the Member States in the G20 should adopt a public 'agreed language' on common positions. Both would increase the accountability of EU's action in the G20. Third, an Interinstitutional Agreement between the European Commission and the European Parliament may be concluded covering a permanent exchange of information in G20 matters. Furthermore, it may include an obligation of the European Commission to either include policy goals set by the European Parliament in an own initiative report into a proposal to the Council on EU's action at the G20 level or to publicly explain why it refused this inclusion. Such Commission proposal may then be the starting point for the above mentioned 'concerted Union action'.

With these outlines of policy recommendations I would like to conclude our introductory statement and we are very much looking forward to the upcoming debate of this hearing.

