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# FACTS & FINDINGS



PROSPECTS FOR GERMAN FOREIGN POLICY

## The German G7 Presidency (II)

PLACING EMPHASIS ON ECONOMIC ASPECTS TO  
FURTHER DEVELOPMENT AND PROSPERITY

**Working Group of Young Foreign Policy Experts**

**The foundation for the new development agenda for the post-2015 era must be based on a thorough examination of the results achieved to date in fulfilling the Millennium Development Goals drawn up in 2001. Current discussions on the sustainable funding of development cooperation and the interaction between climate policy and development policy must also be taken into account. Only if the growth potentials in the developing and newly industrialised countries can be harnessed will it be possible to prevent greater development and security challenges arising. Against this backdrop, the German G7 presidency should focus on two fields of action. First, Berlin should advocate the expansion of basic and further education and training as part of its declared focus on "decent work in the modern world". Secondly, the German government should prioritise better labour standards in developing and newly industrialised countries and promote the idea that the respective countries should be granted trade concessions in return for progress in this area.**

*Information about the Working Group of Young Foreign Policy Experts is available at: <http://www.kas.de/wf/en/71.6391/>*

*Prospects for German Foreign Policy:  
<http://www.kas.de/prospects>*

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## **INTRODUCTION: THE GERMAN G7 PRESIDENCY**

In July 2014, Germany assumed the presidency of the G7 and will therefore host the meeting of the G7 heads of state and government on 4-5 June 2015. The presidency gives Germany the opportunity to have more of a say in defining the agenda of the summit meeting. The German government has already announced that it will pay special attention to the continued development of the United Nations' Millennium Development Goals. With an eye to the upcoming climate conference in Paris, the Summit will also focus on climate protection. Another topic on the agenda will be the realm of foreign and security policy. Here, the focus will naturally be on current crises and conflicts.

However, the Summit also offers an opportunity to address longer-term concerns and to launch joint G7 initiatives. In view of this, the Working Group of Young Foreign Policy Experts from the Konrad-Adenauer-Stiftung has prepared three papers in the run-up to the conference that address the topics of foreign and security policy (Paper I), development policy (this Paper II) and climate policy (Paper III). Based on the short analysis at the beginning of each paper, concrete recommendations for action that the German government should advance during its G7 presidency are provided.

## **OPPORTUNITIES FOR THE G7 DURING 2015 – A KEY YEAR FOR DEVELOPMENT POLICY**

The economic strength of the rich industrialised countries brings with it special responsibility for development policy. Looking ahead to the key year of 2015, a value-based and coherent development policy is becoming more important than ever. First, the international community will take stock of what has been achieved so far in relation to the Millennium Development Goals (MDGs) drawn up in 2001 and simultaneously lay the foundation for the new development agenda for the post-2015 era (Sustainable Development Goals, SDGs). Secondly, the debate about the funding of development cooperation (DC) is undergoing change as the revision of the Monterrey Consensus, a declaration on financing for development adopted in 2002, is becoming more urgent. And thirdly, a new course is due to be set for climate policy (Conference of the Parties on Climate Change, COP21), which will also have an impact on the way development cooperation will be shaped in the future. The G7 presidency will therefore offer the German government the opportunity to emphasise specific aspects within these processes. The aim of all these efforts must be sustainable economic development that places obligations on all actors equally, be they governmental, non-governmental or commercial. The urgency of improving

living standards is evidenced by the flows of refugees to Europe and North America, which are on the increase in spite of the impressive narrowing of the economic gap.

The exclusion of Russia and the return to the Group of Seven also provide opportunities in the area of development cooperation. The countries of the G7 share the view that democracy and the free market economy reinforce one another. Not only will a development agenda underpinned by shared values therefore be easier to define on the basis of clear objectives, but specific conditions – such as good governance, democratic standards, the observance of human rights – will also be easier to enforce.

## **EMPHASISING ECONOMIC ASPECTS TO COMBAT CAUSES OF THE REFUGEE PHENOMENON: PROVIDING AN ECONOMIC LEITMOTIF IN DEVELOPMENT COOPERATION**

The Millennium Goal to halve extreme poverty by 2015 was achieved by 2010. However, this was due not so much to the implementation of the MDG agenda but rather to the growth of global trade driven by globalisation. This has benefited large swathes of the population in developing and newly industrialised countries, enabling them to rise out of extreme poverty. The achievements of the last few years have demonstrated clearly that the global economy is definitely not a global zero-sum game, and that expanding and barrier-free trade opens up opportunities to all parties involved. In anticipation of the G7 presidency, the German government should therefore consider the role that DC and the process to draw up new development milestones scheduled for 2015 can play in stimulating development potentials through intensified trade.

To enable the economies of the developing and newly industrialised countries to evolve in terms of greater economic diversification they need a well-educated and appropriately skilled workforce, comprehensive facilities for basic and further vocational training as well as humane working and living conditions. It is therefore crucial for international DC to avoid restricting the term "civil society" to non-governmental organisations and to ensure that private enterprise also has its place. Development policy has, of course, relied on private enterprise as the driving force of globalisation for some time. But the scope in this area has not been exhausted by any means. By clearly pointing out the intimate link between investment risks and problems such as corruption and instability and the benefits accruing from sustainable development, for example reliable governance and increased efficiency, as well as providing incentives for private sector enterprises to accept greater responsibility, they can become even more valuable partners.



The G7 will only be able to contribute to the shaping of the SDGs if it will live up to its own responsibility and submit concrete proposals. Particularly where trade concessions are concerned, the industrialised countries have a great deal of scope. Allowing easier access to their markets would send a clear signal of their willingness to cooperate. At the same time, such a step would put the emerging economies under the obligation to accept responsibility themselves. Moreover, it would create new economic incentives and greater competition in the industrialised countries. If the industrialised countries succeed in helping the developing and newly industrialised countries to realise their growth potentials, they will, in the medium term, prevent more serious development and security challenges from arising. The motivation to seek economic prospects in Europe and North America would decrease. Instead, it would open up opportunities to the societies in developing and newly industrialised countries to generate their own incomes, which is essential for creating resilient welfare state structures.

## **RECOMMENDATIONS FOR THE GERMAN G7 PRESIDENCY**

Against this backdrop, the German G7 presidency should focus on two fields of action. First, Berlin should advocate the expansion of basic and further education and training as part of its declared focus on "decent work in the modern world". Secondly, the German government should prioritise better labour standards in the newly industrialised and developing countries and promote the idea that the respective countries should be granted trade concessions in return for progress in this area.

### **1. Work, education and vocational training**

For children and adolescents to complete a full course of primary education was one of the essential goals defined in the MDGs. In fact, the developing and newly industrialised countries can show substantial progress in this area. In many partner countries, school enrolment figures for boys and girls indicate that at least nominally all children have access to primary education.

A well-educated and appropriately skilled workforce is also essential for a diversified and competitive economy in developing and newly industrialised countries. Development cooperation must therefore involve efforts to ensure that children go on from primary education to further education or training. Quantitative objectives are no longer sufficient here; instead, emphasising quality standards in education and training is desirable.

With its dual education system, Germany has a model for providing vocational training that is renowned the world over. This instrument should be integrated even more strongly into the DC partnerships, as it can produce particularly high levels of added value for all involved. A qualification with a large practical component directly contributes to a reduction in youth unemployment. At the same time, private enterprise actors benefit from the burgeoning skills and increased efficiency it entails. In the course of the G7 meetings, Germany should therefore play its part in developing a holistic and sustainable approach, emphasising the importance of further education and training. Germany would be able to support the establishment of a comparable model in the partner countries in the near future by expanding international exchange programs and offering vocational training for foreigners in Germany.

### **2. Trade concessions in return for improved labour standards**

Comprised of economic heavyweights, the G7 is well placed to ensure that globalisation develops to produce fair and socially equitable results. Where the establishment of better working conditions is concerned, the G7 can provide clear incentives. The G7 countries should offer easier access to their lucrative sales markets to those countries that show clear signs of progress in this direction.

The United States has found that offering such incentives can have a positive impact, and the G7 can build on that. The so-called African Growth and Opportunity Act (AGOA) allows countries from sub-Saharan Africa to export clothing and textile products to the United States at preferential trading terms as long as these countries demonstrate progress in the creation of conditions favourable to a market economy and of improved labour standards. While this program is scheduled to end in 2015 according to current legislation, its extension is desirable and likely. In line with this program, the G7 states should consider further trade concessions and not insist on them necessarily being reciprocal, as the European Union does. Efforts could conceivably focus on the countries of North Africa and the Middle East in order to actively complement the various political and socioeconomic transformation processes in this region.

2015 will be a year during which many essential decisions for the further path of international development cooperation will be taken. As members of the G7 in particular, the industrialised countries can emphasise that democracy and market economy belong together. The German government can play a leading role in this with a well-prepared agenda and by showing itself willing to emphasise the promise of prosperity that trade entails.