

## From Hangzhou to Hamburg

Outlines of a Multiyear Agenda for the G20

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### Key Points:

- The G20 are hampered by a shifting agenda that makes it difficult to maintain a coherent focus. The Chinese Presidency would like to effect a concentration on classical G20 themes, especially those related to economic and financial policy. Furthermore, a multiyear thematic agenda would be helpful to focus the members' political attention and to thereby facilitate longer-term initiatives.
- The 'troika' is an instrument that has already been established for this purpose, connecting three successive presidencies to form a more or less structured thematic negotiation process. However, this instrument must be more firmly institutionalised so that a multiyear agenda can actually incorporate ambitious and sustainable initiatives.
- Concrete fields of cooperation between the 2016 Chinese presidency and the 2017 German presidency could include: reduction of trade restrictions, especially with regard to natural resources, the continued reform of the IMF and possibly the World Bank, and an improvement of the international tax regime.
- In order to reduce the G20's implementation deficit, reporting within the group also needs to be improved. Germany should bravely lead the way on this. However, a dedicated permanent secretariat need not be established.

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Make the G20 more  
relevant for global  
governance.

## 1. Introduction: An Institution Searching for a Purpose?

In the coming year, the Federal Republic of Germany will follow China in assuming the presidency of the G20, the group of the twenty major industrial and emerging economies. On 7–8 July 2017, Hamburg will host the Summit of heads of states and governments, which is the most important steering instrument for the G20, at which the respective agenda is then adopted. China is attempting to harmonise key points of its agenda with the upcoming presidency via a coordination process between sherpa groups and the involvement of relevant think tanks in Germany<sup>1</sup>.

Today, the thematic agenda of the G20, which is reconstituted each year according to national preferences, seems relatively uncoordinated and therefore somewhat random. This is understandable, as the G20 Presidency is an exceptionally attractive and seldom-recurring chance to present a country's national shaping power (*Gestaltungsmacht*) to the world: great international attention is generated for the host's own themes in the year of the Presidency. Framed by an appealing backdrop and in illustrious company, G20 Summits are presented as a show of unity and represent a collective will to shape global policy. In a world, in which if not insecurities, then at least uncertainties have increased, this is a signal carrying enormous symbolic weight. Controversies are not to be expected, as G20 resolutions – just like G7 resolutions – are not legally binding. No wonder that new themes are constantly added to the agenda, which is therefore in danger of losing focus.

The Chinese G20 Presidency is attempting to slow down this creeping mandate expansion and work towards a more narrow focus that refers back to the inception of the G20 as a committee for coordinating financial and economic policy. This is indeed the area where the G20 has the greatest potential to become an important building block for global regulatory policy (*Ordnungspolitik*): on the one hand, the G20 was already able to earn its first merits following the 2008 financial crisis, on the other hand, the group's membership is more global and the portfolio of interests presented is more representative on a global scale than the narrower group of G7 members.<sup>2</sup> At least in this field of activity, the G20 have already attained a high degree of international legitimacy.

The Chinese Presidency hopes to make the G20 more relevant by improving its political staying power and establishing a growth-oriented core mandate for global governance. Of course, the aim is also for the Presidency to serve Chinese national interests, for example in the area of infrastructure funding in the context of the Silk Road initiative ("One Belt, One Road"). A prioritisation of national interests does not necessarily preclude a multiyear cooperation. A closer look at the Chinese agenda in chapter 3 illustrates that there are in fact plenty of points Germany could pick up. This compatibility of interests is also ensured by China's pragmatic approach: in areas where no global macro-economic coordination is possible, an attempt is being made to at least establish some degree of practical cooperation. A current example for this type of joint generation of knowledge among the G20 members is currently taking place in the G20 Development Working Group: the Chinese presidency has initiated an interactive process with the goal of identifying and making available steps for implementing the 2030 Agenda for Sustainable Development in all fields of work and for all members.<sup>3</sup>

Overall, China wants to use the G20 for a reorganisation of fragmented global structures and, if possible, prevent institutional competition with other international organisations, especially those affiliated with the UN.<sup>4</sup> In this spirit, a concentrated

and multiyear agenda with a unique outlook is the goal. The G7 has already established a multiyear agenda which significantly increased that club's global steering capacity.<sup>5</sup> For the G20, this agenda would have to be developed and chaperoned by a 'troika' of three successive presidencies, i.e. in the upcoming years China (2016), Germany (2017) and Argentina (2018).

## 2. The Chinese G20 Presidency: Back to Basics?

The theme of the Chinese presidency is: "Towards an innovative, invigorated, interconnected and inclusive world economy." The first three *Leitmotifs* are classical economic themes that can also be found in other strategy papers, e.g. by the G7 or the EU: innovation, growth, integration/interconnectedness. The character of the G20 as a worldwide forum representing global multipolarity is emphasised by the fourth guiding principle, which advocates the inclusion of emerging economies – and not just in global economic growth, but in global economic management itself.

Over the years, representatives of the People's Republic have consistently called for a G20 Summit with a narrow and focused agenda that should concentrate on the G20's core themes.<sup>6</sup> Beijing has admonished the other G20 members again and again to debate themes that go beyond the purview of this focus in other formats such as the United Nations. Whether there is even the potential for a sustainable and ambitious consensus in other policy areas beyond economic and financial policy will have to remain an open question for now.<sup>7</sup>

The present paper would like to take the idea of the 'troika' seriously and identify concrete areas of cooperation between China and Germany, which would allow for a multiyear agenda within the G20.<sup>8</sup> The coordination process between the Chinese and the German Presidencies already gave Berlin the opportunity to review Chinese initiatives and to expand upon those themes which will also be relevant to the 2017 German Presidency. Germany is also in a position to help shape the agenda at the upcoming Summit of heads of state and government on 4–5 September in Hangzhou, which is to be further developed and implemented in the coming year.

## 3. What the German Presidency should pick up: The Chinese G20 Agenda and Multiyear Areas of Cooperation

The Chinese G20 agenda is primarily focused on macro-economic, monetary and developmental policy themes and places no focus on themes such as health or security. Climate change as a field of action only shines through in the themes of *Sustainable Development* and *Green Finance*. The following topic list is based on the structure of the official letter by the Chinese President Xi Jinping regarding the 2016 G20 Summit in Hangzhou with its four main themes *Growth, Economic and Financial Architecture, Trade and Investments, and Development Policy*.<sup>9</sup> The content outline of this letter is reflected in the boxes in this chapter. However, not all subsections of the official letter have been incorporated here. The selection is based on possible areas of cooperation with the 2017 German Presidency, which could in turn be a good point of departure for a multiyear agenda for the G20.

Increase participation of the emerging powers in the management of the global economy.

Focus on macro-economic, monetary and developmental topics.

### 3.1 Breaking a New Path for Growth: Reforms and Innovations

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#### **“Maintaining the Momentum of World Economic Recovery”**

- Enhance coordination of macroeconomic policies, maintain financial market stability, increase investment and consumption
- 

#### **“Lifting Mid-to-Long Term Growth Potential”**

- Enhance cooperation on innovation, including in development concept, institutional arrangements and business models, explore new growth engines
- 

Despite the gradual recovery of global growth, many countries are still struggling with the consequences of the economic and financial crisis. The Chinese Presidency is therefore focused on sustaining the momentum for a further economic recovery. Better coordination of macro-economic measures is intended to allow beneficial synergy effects to come into place and to reduce negative consequences. The stability of the financial markets is to be sustained and investment activity and consumption is to be stimulated. Furthermore, the People’s Republic strives to increase mid- to long term growth potential by intensifying international cooperation in scientific and technological innovation.

This allows for a potential multiyear cooperation between Germany and China. Both countries are focused on structural reform and innovations to increase their own competitiveness and have long sought to intensify innovation cooperation in the fields of industry, urbanisation, and agriculture. As part of this cooperation, both states want to advocate for sustainable development and the protection of global public goods.<sup>10</sup>

Strengthen competitiveness through structural reforms and an innovation partnership.

### 3.2 More Effective and Efficient Global Economic and Financial Governance: The Role of Emerging Economies and Crisis-Resilience

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#### **“Improving International Financial Architecture to Meet Future Challenges”**

- Promote reform of Bretton Woods Institutions, implement 2010 IMF quota, review World Bank voting share
  - Establish more stable international financial system, improve macro-prudential management, facilitate cross-border capital movements, strengthen financial safety net, restructure sovereign debt
- 

As a reaction to the global financial crisis, the first G20 Summit of heads of state and government convened in 2008, which is regarded as the birth of this body, at least in the eye of the public.<sup>11</sup> The regulatory organisation of the financial market and especially its crisis-resilience were the primary themes on that summit’s agenda. It is hardly surprising that almost a decade after the collapse of Lehman Brothers, the issue of the financial market architecture still takes up a prominent spot in the summit agenda for Hangzhou. In this context, reforming the so-called Bretton Woods institutions is a central topic for the Chinese Presidency. The G20 had already passed a resolution on the redistribution of voting rights in the International Monetary Fund (IMF) in 2010 to account for the growing importance of emerging

economies. China is now demanding the implementation of this voting rights reform and also advocates a revision of voting rights in the World Bank. Furthermore, in order to stabilise the international financial system, China is focused on improving macro-prudential monitoring, facilitating international capital flows and encouraging a development towards ordered restructuring of individual countries' sovereign debt.<sup>12</sup>

The Chinese demand for an implementation of voting rights reform is clearly driven by national interest, as it would increase China's influence in the IMF. At the same time, the reform would also be in the European interest, as the EU would take on a special role as the largest voting bloc by pooling all of its member states' voting rights (similar to the WTO). Consequently, the EU has pushed for the implementation of voting rights reform several times in the past years. The adoption of the renminbi as a fifth world reserve currency at the end of 2015 already marked a success for the Chinese efforts for greater influence in the IMF, which is important for regulatory policy. Germany also stands to benefit from the growing international role of the renminbi with its Renminbi Clearing Hub in Frankfurt and the first official venue for trading Chinese investment products in national currency outside of the People's Republic. Supporting China with further reforms of the IMF and the World Bank should also be understood as a strategic step to gain political capital that Germany could later spend in a different arena – for example in the case of a reapplication for a permanent German seat on the UN Security Council.

Profit from the  
Renminbi Clearing  
Hub in Frankfurt.

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#### **“Continuing Financial Sector Reforms”**

- Implement agreed reforms, improve framework of financial regulation coordination
  - Improve financial infrastructure, enhance macro-prudential regulation and cooperation
  - Promote inclusive finance
- 

Another of China's goals at this year's G20 Summit is to continue with the reforms of the financial sector. This is to be achieved through the implementation of already agreed-upon reforms, e.g. regarding an equity base for banks, an improved framework for financial regulations and a stronger coordination of this process. Furthermore, cooperation in macro-prudential regulation is to be improved, a topic that also plays an important role within the Eurozone.

A better coordination for international fiscal, financial and currency-related issues between China and Germany has already been agreed upon. Together, both countries want to provide innovative contributions on reforming the international financial and monetary system.<sup>13</sup> The G20 is a suitable frame for these types of initiative. Despite differences of opinion on regulatory issues with regard to state interventions in economic processes, there is substantive agreement on many other issues between China and Germany. For example, both states see no need to limit national current account surpluses and share reservations regarding an ultra-loose monetary policy.<sup>14</sup> This loose monetary policy and especially the question of how to successfully return to normal interest levels will have significant consequences on the national currencies of emerging economies. There have already been suggestions in this matter for permanent swap agreements with the G20 to mitigate the negative effects. As a country frequently giving rise to warnings about the consequences of long-term quantitative easing, Germany could present itself as a partner for cooperation in this matter. At the same time, Germany also has an interest in

Warn against the  
consequences of  
long-term quanti-  
tative easing.

intensifying the relationships between the IMF and regional financial initiatives such as the European Stability Mechanism (ESM), which may entail increasing funding for the IMF.<sup>15</sup>

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### **“Developing Green Finance”**

- Improve capacity of capital markets to channeling resources to green industries

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Compared to government funds, the amounts available on the capital markets for potentially funding sustainable technologies are huge. The People’s Republic has therefore placed the development of Green Finance on the agenda of their G20 Presidency. In essence, the idea is to give the capital market incentives to invest in sustainable technology.

The issue of funding is also of central importance for the German energy transition (*Energiewende*). Germany (as well as Chancellor Merkel herself) are already internationally known to be committed to sustainable technologies and the expansion of renewable energy and can therefore present themselves as an especially valuable partner for cooperation in this area. A common goal should be the establishment of a functioning and relevant *green bond market*.<sup>16</sup> The issue of Green Finance is also of high importance for German development cooperation. The Federal Ministry for Economic Cooperation and Development (BMZ) has set itself the goal of redirecting capital flows towards sustainable investments in order to drive change towards a resource-efficient economy.

Make use of the capital markets to finance sustainable technologies.

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### **“Improving International Tax Regime”**

- Deepen international tax cooperation to establish on a global scale mechanism which is inclusive, fair, transparent, with broad participation of developing countries
- Implementing outcomes of International tax agenda (BEPS)
- Move forward tax cooperation, combat tax evasion, capacity-building on tax administration

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### **“Implementing Consensus on Anti-Corruption”**

- Continue to implement 2 year action plan on anti-corruption, denial of safe heaven to corrupt officials, recovery of the proceeds of corruption should be prioritized

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Further issues on the Chinese G20 agenda include improving the international tax regime and implementing the already agreed-upon measures for fighting corruption. Germany has repeatedly advocated for a better coordination of the individual tax systems to combat undesirable tax evasion through base erosion and profit shifting (the so-called BEPS initiative launched by the OECD and the G20). Chancellor Merkel has already announced that fighting tax evasion and tax havens will be a core theme of the 2017 German Presidency,<sup>17</sup> so this issue has already been established as a multiyear area of cooperation.

### 3.3 Robust International Trade and Investment: Promoting an Open World Economy

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#### “Reinforcing Trade and Investment Cooperation Mechanism”

- China will hold a Trade Ministers’ Meeting and several Trade and Investment Working Group Meetings
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A commitment to free trade and international investment is a mainstay of pretty much every summit – be it in the context of the G20 or in other formats. But in reality, things are heading in a different direction: since the financial crisis erupted, the number of worldwide trade barriers has consistently been on the rise. This also and especially holds true for the states of the G20, where the number of trade-restrictive measures has multiplied since 2008. China would like to use the year of its presidency to strengthen cooperative mechanisms in the areas of trade and investment. As powerful trading nations, this issue is in both the German and the Chinese interest. However, trade disputes between the China and the EU have greatly increased in the past years.<sup>18</sup> A multiyear cooperation leading up to a multilateral solution for trade disputes both between states as well as between investors and states is therefore advisable. As the debates surrounding trade agreements such as TTIP show, this issue is highly relevant. In addition, cooperation in securing maritime trade routes could be promoted within the context of the G20, following the establishment of a German-Chinese cooperation in fighting piracy and manoeuvres to this end at high sea.<sup>19</sup>

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Push for multilateral resolution of trade disputes also between investors and states.

#### “Supporting the Multilateral Trade System”

- Formulate detailed plans for strengthening multilateral trading system, advancing the Doha Development Agenda to achieve development-oriented outcomes
  - Push forward negotiations on WTO Trade Facilitation Agreement, Information Technology Agreement (ITA), Environmental Goods Agreement
- 

The almost ritual commitment to a multilateral trade order under the umbrella of the World Trade Organisation (WTO), including the conclusion of the Doha Round, is also a part of the agenda of the Chinese Presidency. On this issue, the People’s Republic is in line with the subsequent German Presidency. Both states advocate fair international competitive conditions and agree that the WTO needs to be strengthened. The ‘Bali Package’ in November 2014 was a first step forward and a glimpse of hope that the Doha Round may actually be concluded after all. Both sides will therefore push for the enactment of the WTO treaty regarding trade facilitation. Furthermore, Germany welcomes China’s efforts to join the agreement on public procurement of the WTO, and both sides share a special interest in reducing trade restrictions with regard to natural resources. In light of the growing number of bi- and plurilateral trade agreements, the issue of coordinating these treaties with a multilateral trade system could be a theme that could also include a reform of the role of the WTO.

Decrease trade barriers for natural resources.

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### **“Promoting Global Trade Growth”**

- Action-based initiative should be developed to promote global trade growth, create open global trade growth framework

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### **“Promoting Inclusive and Integrated Global Value Chains”**

- Improve participation of developing countries in GVCs, develop rules-based GVC system
  - Formulate initiatives aimed at strengthening capacity building and policy coordination to improve participation of SMEs and developing countries
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An increase in world trade, which has showed relatively few signs of dynamism in recent years, can be regarded as a measure of a positive development of the world economy and is therefore also on the Chinese Presidency’s agenda. The goal of promoting inclusive and integrated global value chains is also relevant in this regard: developing nations and small and medium-sized enterprises (SMEs) are to become a greater part of these value chains. A German-Chinese cooperation could also draw on the running bilateral SME policy consultations that comprise an increased exchange on SME policy (*Mittelstandspolitik*) and joint advanced training of managers. A further goal of the consultations is mutual support in the internationalisation of high tech startups. A forum for international exchange on SME policies could therefore be a worthwhile theme. The expansion of regional infrastructure for the integration of developing countries into global value chains is also an important issue.

Create a forum for SME policy.

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### **“Enhancing Cooperation and Coordination on Global Investment Policy”**

- Currently fragmented system due to numerous investment agreements
  - Enhance policy coordination, development of non-binding global investment guiding principles
  - Cooperation on issues like capacity building, information exchange, sharing of good practices to enable developing countries to better prepare cross-border investment
- 

Similarly to the area of trade, there is also no transparent and reliable multilateral solution for international investments, only a very fragmented system of bilateral and regional investment treaties. As a first, low-level step to standardise this fragmented system, the Chinese agenda calls for non-binding global investment guidelines. This includes close international cooperation in *capacity building* and an exchange of information so that developing countries in particular are better set to benefit from foreign direct investment. The European Union and China are aiming for the speedy conclusion of an ambitious bilateral investment agreement that is intended to improve market access for both actors and contain a high level of investment protection. As both China and the EU invest heavily abroad, they are both naturally very interested in a multilateral treaty on investment protection.

Push for a multilateral investment protection agreement.



### 3.4 Inclusive and Interconnected Development: 2030 Agenda, the Fight Against Poverty and Common Development

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#### “Implementing the 2030 Agenda for Sustainable Development”

- Provide package of solutions, explore opportunities for cooperation in specific areas such as projects, develop national plans for implementation of 2030 agenda, based on which a G20 collective action plan can be formed
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#### “Optimizing G20 Development Cooperation Agenda”

- G20 Agenda on Development Cooperation should be optimized with focus on greater efficiency
  - Better coordination of agenda on infrastructure investment, food security, energy, employment, financial inclusion
- 

#### “Building Infrastructure and Connectivity”

- Multilateral banks should be asked to support infrastructure investment
  - AIIB and NDB should complement existing multilateral development system
  - Promote private investment for infrastructure by developing market-oriented financial instruments such as PPP
  - Promote infrastructure connectivity
- 

Create a common  
G20 Action Plan for  
the 2030 Agenda.

Besides the classical growth theme (3.1), issues concerning the global economic and financial order (3.2), and trade and investment policy (3.3), development policy is the fourth major focus of the Chinese G20 presidency.<sup>20</sup> Implementation of the 2030 Agenda’s sustainable development goals is at the top of the list. The G20 states are called upon to formulate national implementation plans, which are to form the basis for the development of a common action plan for the G20. In addition, the already pre-established G20 Development Cooperation Agenda is to be optimised for efficiency, and coordination of the initiatives, for example for food security or access to financial services, is to be improved. China is especially interested in infrastructure investments and the part of the *Asian Infrastructure Investment Bank* (AIIB) and the *New Development Bank* (NDB), which are both Chinese-dominated. According to the Chinese plan, these institutions are to be given equal standing to the ‘old’ multilateral development banks. Promotion of market-oriented financing instruments and the public-private partnership (PPP) is aimed at mobilising private capital for investments in infrastructure.

This focus in the area of development policy opens up a wide field for a multiyear cooperation. After all, the German Federal Government has also long advocated for developmental issues to be more firmly enshrined in the G20. In the same context, a dedicated G20 development agenda was resolved at the 2010 Summit in Seoul, whose multiyear action plan comprises the themes of infrastructure, food security, vocational training and social security, among others.<sup>21</sup> In the past years, China has substantially expanded its involvement in development cooperation.<sup>22</sup> The EU and their member states continue to be the major contributors to development aid and should have a growing interest in a better coordination of national development policy activities within the G20 – also from a financial perspective.<sup>23</sup> The further devel-

opment of market-based instruments such as PPP is of great interest to Germany and Europe and could be a theme for cooperation. Foreign companies have repeatedly bemoaned being excluded from many government contracts in China.

Germany and China's interests presumably intersect to a particularly high degree on the issue of *green infrastructure investments*. China is focused on environmentally intensive international investments. With its new financial institutions, China can overcome the budget limits of its neighbours and support Central Asia with the integration into the global networks. Germany, on the other hand, is excellently positioned to pool the technical expertise of the OECD states and the multilateral financial institutions. Germany can thereby set priorities regarding the economic, social, and economic dimension of sustainability.<sup>25</sup>

Cooperate in environmentally friendly infrastructure investments.

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#### **"Promoting Accessible, Affordable and Sustainable Energy Supply"**

- Implement Principles of Energy Collaboration and cooperate on energy access and renewable energy to ensure green development

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#### **"Increasing Employment"**

- Build a more equitable and sustainable social security system, establish reasonable mechanism for wage increase

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#### **"Improving Food Security and Nutrition"**

- Increase agricultural investment and lift food production capacity

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#### **"Mobilizing Climate Finance"**

- Inputs on how to meet the demand of developing countries in climate financing

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#### **"Eradicating Poverty"**

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#### **"Supporting Industrialization in Africa and Other Developing Countries"**

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Access to an affordable and sustainable power supply as a building block of a 'green' development is another point on the Chinese agenda that offers a good point of cooperation of German and Chinese interests. In this context, China is expected to once again bring up the *Global Energy Network* first proposed by Xi Jinping in 2015 at the *UN Sustainable Development Summit*.<sup>26</sup> This project holds great promise for Germany. Funding of renewable energy has not just been a central goal of German politics since the energy revolution, and Germany industry is at the forefront in terms of technical know-how. The economically and technically important role for Germany in this project would allow the Federal Republic to establish a credible thematic continuity for their own 2017 Presidency and also bring points of their own, such as an international emissions trade, onto the agenda.

Use the planned Global Energy Network also for renewable energies.

#### 4. Conclusion and Recommendations for Action: From a Crisis Reaction Mechanism to the Cornerstone of Global Governance

The efforts of the Chinese Presidency to provide a greater thematic focus for the G20 are to be welcomed. Multiyear programmes lead to less arbitrariness in agenda-setting and a more long-term political focus for the implementation of initiatives. Germany should be enthusiastic about the opportunity to improve the internal coordination between the Presidencies. The Chinese agenda offers a large number of possible points to pick up in this regard. As a founding member of the G20, Germany recognised the potential of the group as a global governance platform early on and has once again reaffirmed its commitment to multilateralism by taking on the 2017 Presidency.<sup>27</sup> The guiding concept for this should be **improving the relevance of the G20 for global regulatory policy**: the G20 can offer a valuable global platform, but its significance should most of all be measured based on how effective the group can support and actually supports the **provision of global public goods**. If the G20 is also able to demonstrate its relevance in other fields (climate change? global health? development policy?), then the group's mandate need not be limited to the issue of growth, as currently advocated by Beijing.

In the context of the G20 Summit in September in Hangzhou, China and the EU, which is itself represented with five seats in the G20, should advance common initiatives and suggestions. In this spirit, Germany should support the following developments within the G20:

- Overall, the G20 are faced with the challenge to make the transition from a crisis reaction mechanism to a more mature and more internationalised organisation. The G20 still fall short on the implementation of many of their measures. In contrast to the G7, reporting for this group is still underdeveloped. Considering the current diversity of themes, this will be even more important in the future. To create the foundation for more transparency and accountability for the G20 by means of an **implementation offensive** would be a worthwhile goal for the German Presidency. At the 2015 G7 Summit in Elmau, Germany already proved that it is not just able to assemble an intricate thematic agenda, but also to install the necessary monitoring mechanisms to ensure its implementation. Because it is not high-level summits, but concrete implementation success stories that will increase the G20's international legitimacy.
- The heterogeneity of interests, but also the differences in outlook regarding international regulatory duties to be fulfilled by the G20 will remain high within the group for the foreseeable future. Therefore, it seems evident that the G20's agenda has to be less ambitious than that of the G7 – where the group members have forged a community of values in their forty years of cooperation. Nevertheless, the hope remains that more interest- and values-based cooperation is possible within the G20 than, for example, in the context of the much more heterogeneous United Nations. The 2030 Agenda is currently the most important and – with its holistic outlook – the most ambitious programme set forth by the United Nations for global regulatory policy. Germany is a global trailblazer in sustainability policy and a member of the avant-garde group for the implementation of the **2030 Agenda** (the High-Level Political Forum) and as such should help the G20 to enshrine this agenda in the member states and also make it binding within

Improve coordination between the Presidencies.

Only concrete implementation successes increase international legitimacy.

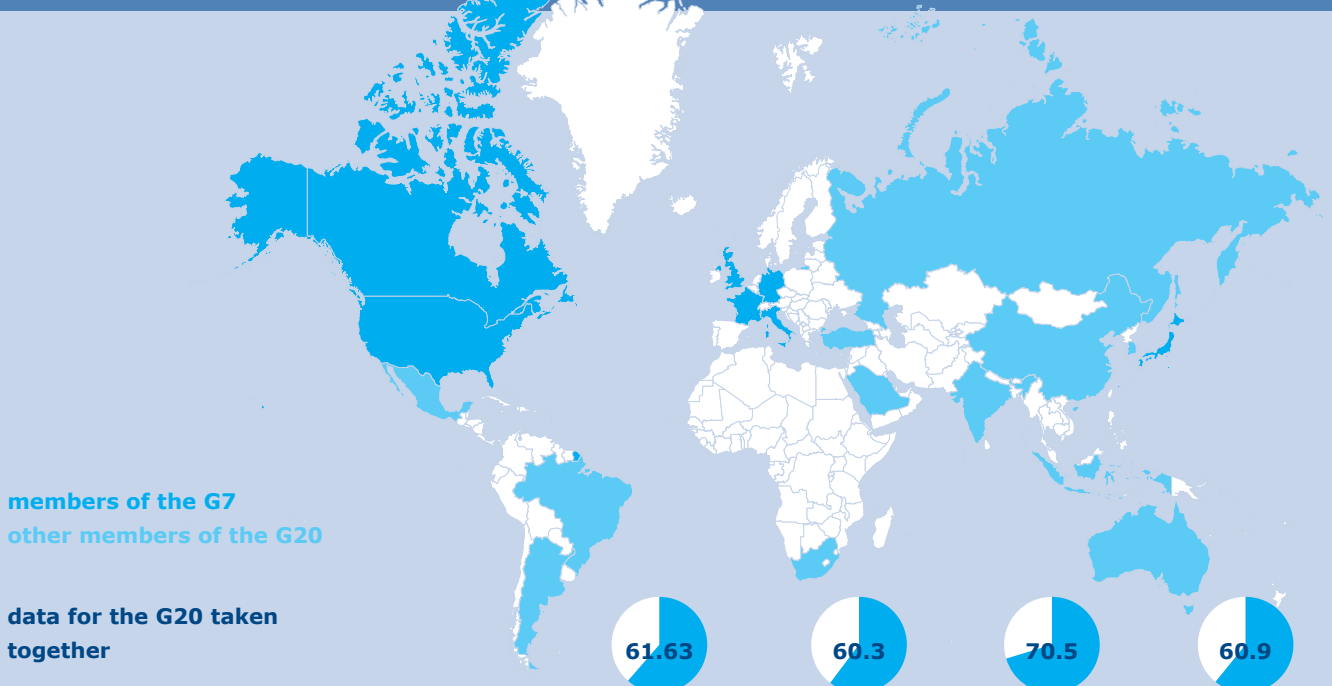
Enshrine the 2030  
Agenda.

the group itself. Possible ideas in this context could include a **five-year agenda for the G20** and a more forceful **activation of outreach processes with non-members** – especially for the permanent guests Spain or Singapore, but also with the OECD as the de-facto G20 secretariat.<sup>28</sup> But a true control centre for global governance must not limit itself to declarations of intent. Moreover, the relevance of a global forum such as the G20 will be measured by the implementation of its initiatives – or in the provision of global public goods.

Improve the scientific  
engagement and  
monitoring.

- With the thematic coordination process, the Chinese Presidency has kicked off an important development within the G20. This coordination is supported by the Think Tank 20 Engagement Group (T20), which has come to provide structured, scientific assistance to the respective current Presidency for its agenda-setting. Germany would be well-advised to continue and to develop this **coordination process with scientific support** during its 2017 Presidency. Supporting the creation of an online platform as planned by the research institutes commissioned by the German Presidency, DIE Bonn and IfW Kiel, would be a good first step. Furthermore, the further development of the thematic coordination process can also be driven (1) through **implementation partnerships** with the G20 specially aimed at connecting emerging and industrial economies, which could be strengthened through reward mechanisms (that would measure compliance), (2) through multiyear **thematic partnerships** within the group, wherein several members take responsibility for a specific partial mandate within the G20, (3) and through a better structured than heretofore **peer learning** among the G20 members and honest **reporting**. Finally, the **troika process** itself should also be more strongly institutionalised in this context. That way, this package of measures could increase the G20's political attention span and ultimately improve its relevance by focusing on a better implementation. The establishment of a permanent secretariat for the group (not a very probable outcome anyway) is not necessary for this – and in fact not desirable due to the concomitant tendency towards a further bureaucratisation of the G20.

Figure 1: An Overview of the G20



		GDP per capita in USD	share of worldwide exports	population	share of world GDP	share of worldwide FDI
members of the G7	Germany	46,900	7.8	80,854,408	2.4	7.4
	France	41,200	3.1	66,353,766	2.3	5.5
	Italy	35,700	2.7	61,855,120	1.9	2.5
	Japan	38,100	3.8	126,919,659	4.2	4.7
	Canada	45,600	2.6	35,099,836	1.4	4.2
	United Kingdom	41,200	2.7	64,088,222	2.4	6.3
	United States	55,800	9.6	321,368,864	15.8	18.5
other members of the G20	Russia	25,400	2.0	142,423,773	3.2	1.4
	Argentina	22,600	0.3	43,000,000	0.9	0.1
	Australia	64,400	1.1	22,751,000	1.3	2.1
	Brazil	15,600	1.1	204,259,812	1.1	1.2
	India	6,200	1.7	1,251,695,584	7.0	0.5
	Indonesia	11,100	0.9	255,993,674	2.5	0.1
	Mexico	17,500	2.6	121,736,809	2.0	0.5
	Saudi Arabia	53,600	1.4	27,752,316	1.5	0.1
	South Africa	13,200	0.5	53,675,563	0.6	0.5
	South Korea	36,500	3.2	49,115,196	1.6	1.1
	Turkey	20,400	0.9	79,414,269	1.4	0.2
	People's Republic of China	14,100	13.6	1,367,485,388	17.0	4.0

Source for the economic data: CIA World Factbook, 2015 est.

- 1] *In May 2016, a delegation dispatched by the Chinese G20 Presidency paid visits to the German Development Institute (DIE) in Bonn and the Institute for the World Economy (IfW) in Kiel, which are both tasked with providing scientific support for the German Presidency, while also visiting political foundations such as the Konrad Adenauer Foundation.*
- 2] *For more on the G20's core mandate of economic policy, see: Plattner, Marc F.: From the G-8 to the G-20. In: Journal of Democracy, 22 (2011), no. 1, pp. 31–38.*
- 3] *See Fues, Thomas/Messner, Dirk: G20: Concert of Great Powers or Guardian of Global Well-Being? (DIE Briefing Paper 9/2016), p. 2.*
- 4] *See Wolff, Peter: Eine neue Phase für die G20 [A New Phase for the G20]. In: Diplomatisches Magazin, 12/2015. URL: <http://www.diplomatisches-magazin.de/international-relations-12-2015-de/A1> [retrieved on 17/08/2016].*
- 5] *For more on the G7/G8's multiyear themes, see: Haarhuis, Daniela: Die deutsche G7-Präsidentschaft – Eine Möglichkeit zur „neuen Verantwortung“ in der internationalen Politik [The German G7 Presidency – A Chance for a 'New Responsibility' in International Politics]. In: KAS-Auslandsinformationen, 11-12/2014, pp. 70–88, URL: <http://www.kas.de/wf/de/33.39603> [retrieved on 17/08/2016].*
- 6] *While the G20 have taken on more and more issues since the financial crisis, they have become increasingly irrelevant for the solution of pressing tasks in managing the global economy, see Wolff, Peter: Eine neue Phase für die G20 [A New Phase for the G20]. In: Diplomatisches Magazin, 12/2015, URL: <http://www.diplomatisches-magazin.de/international-relations-12-2015-de/A1> [retrieved on 17/08/2016].*
- 7] *By contrast, the G7 was even referred to as a 'community of values' at the Elmau Summit: see Dehéz, Dustin/Rieck, Christian E.: Die deutsche G7-Präsidentschaft und der Gipfel von Elmau [The German G7 Presidency and the Elmau Summit] (Analysen & Argumente 177/2015). URL: <http://www.kas.de/wf/de/33.41826> [retrieved on 15/08/2016]. See also: Rieck, Christian E.: Entwicklungspolitisches Schlüsseljahr. Globale Weichenstellungen – globale Werteordnung [A Key Year for Development Policy. Global Agenda-Setting – Global World Order]. In: Die Politische Meinung, Nov./Dec. 2015, pp. 116–119. URL: <http://www.kas.de/wf/de/33.43505> [retrieved on 15/08/2016].*
- 8] *This paper is based on preliminary work for the visit by a delegation of scientists from the Chinese Academy of Social Sciences (CASS) at the Konrad-Adenauer-Stiftung on 10 May 2016. The goal for the conversation was to elicit concrete areas of cooperation between the Chinese and German Presidencies and to think about structural problems with the management of the G20.*
- 9] *Xi, Jinping, G20 Summit 2016, China. URL: <http://www.g20.org/English/China2016/G202016/201512/P020151210392071823168.pdf> [retrieved on 15/08/2016].*
- 10] *See German Federal Government: Aktionsrahmen für die deutsch-chinesische Zusammenarbeit: „Innovation gemeinsam gestalten!“ [Frame of Action for a German-Chinese Cooperation: "Shaping Innovation Together!"]. (Press release, 10/10/2014). URL: [https://www.bundesregierung.de/Content/DE/\\_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?\\_\\_blob=publicationFile&v=1](https://www.bundesregierung.de/Content/DE/_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?__blob=publicationFile&v=1) [retrieved on 09/08/2016].*
- 11] *This holds true despite the fact that at the level of ministers of finance, regular G20 meetings had been taking place since 1999.*
- 12] *Pickford, Stephen/Xiaogong, Zha: Towards a More Effective G20 in 2016 – Chinese and UK Perspectives. London 2016, URL: <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2016-03-30-towards-more-effective-g20-pickford-zha-final.pdf> [retrieved on 09/08/2016].*
- 13] *See German Federal Government: Aktionsrahmen für die deutsch-chinesische Zusammenarbeit: „Innovation gemeinsam gestalten!“ [Frame of Action for a German-Chinese Cooperation: "Shaping Innovation Together!"]. (Press release, 10/10/2014). URL: [https://www.bundesregierung.de/Content/DE/\\_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?\\_\\_blob=publicationFile&v=1](https://www.bundesregierung.de/Content/DE/_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?__blob=publicationFile&v=1) [retrieved on 09/08/2016].*
- 14] *See Kundani, Hand/Parello-Plesner, Jonas: China and Germany: Why the Emerging Special Relationship Matters for Europe (ECFR Policy Brief). London 2012, URL: [http://www.ecfr.eu/page/-/ECFR55\\_CHINA\\_GERMANY\\_BRIEF\\_AW.pdf](http://www.ecfr.eu/page/-/ECFR55_CHINA_GERMANY_BRIEF_AW.pdf) [retrieved on 09/08/2016].*
- 15] *The IMF's involvement in the rescue programmes for European states in the context of the sovereign debt crisis, which was always important to Germany, is an example of this type of cooperation. China thereby became a de facto indirect stakeholder in the stabilisation of the distressed Euro states.*
- 16] *See G20: G20 Climate Finance Study Group. Report to the Finance Ministers. September 2015, URL: <http://g20.org.tr/wp-content/uploads/2015/11/G20-Climate-Finance-Study-Group-Annual-Report-2015.pdf> [retrieved on 09/08/2016].*
- 17] *See Rattay, Wolfgang: Merkel – Kampf gegen Steueroasen ist auch auf deutscher G20-Agenda [Merkel – Fight Against Tax Havens Is Also on German G20 Agenda] (Reuters report, 12/04/2016). URL: <http://de.reuters.com/article/panama-steuern-deutschland-merkel-idDEKCN0X91M0> [retrieved on 09/08/2016].*
- 18] *See Xin, Chen: China-EU Trade and Economic Relations (2003–2013). In: Global Economic Observer, 2014 (2), pp. 41–55, URL: [http://www.globeco.ro/wp-content/uploads/vol/split/vol\\_2\\_no\\_1/geo\\_2014\\_vol2\\_no1\\_art\\_004.pdf](http://www.globeco.ro/wp-content/uploads/vol/split/vol_2_no_1/geo_2014_vol2_no1_art_004.pdf) [retrieved on 17/08/2016].*
- 19] *See German Federal Government: Aktionsrahmen für die deutsch-chinesische Zusammenarbeit: „Innovation gemeinsam gestalten!“ [Frame of Action for a German-Chinese Cooperation: "Shaping Innovation Together!"]. (Press release, 10/10/2014). URL: [https://www.bundesregierung.de/Content/DE/\\_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?\\_\\_blob=publicationFile&v=1](https://www.bundesregierung.de/Content/DE/_Anlagen/2014/10/2014-10-10-aktionsrahmen-dt-chin.pdf?__blob=publicationFile&v=1) [retrieved on 09/08/2016].*

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- 25| See Langhammer, Rolf: *China and Germany: Promoting a Shared Agenda for the G20 in 2016/2017* (Comment in MERICS China). URL: [http://www.merics.org/fileadmin/user\\_upload/downloads/China-Comment/151110\\_Comment\\_Langhammer\\_G20-Agenda.pdf](http://www.merics.org/fileadmin/user_upload/downloads/China-Comment/151110_Comment_Langhammer_G20-Agenda.pdf) [retrieved on 17/08/2016].
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