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China's G20 Emergence(y)?

Auteur

Thomas Spencer
Associate Researcher

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The sustainable development agenda for the next decade and a half has been clearly outlined by the Paris Agreement and the SDGs: a transformation towards more sustainable and fairer economies. The Chinese G20 Presidency has helped to put sustainable development more firmly at the top of global governance but the route towards more concrete action remains to be defined. The G20 represents 82% of global GDP and a huge share of global emissions. The G20 must make a more concrete contribution to sustainable development in the future.

In the last few years, China has thrown out the [rule-book](#) on its traditional approach to diplomacy. From Deng Xiaoping's celebrated maxim—"hide your brightness, cherish obscurity"—China has emerged as a much more muscular global player. This has stoked a lot of angst, but also led to notable successes, in particular if we consider the contribution of Chinese commitments to make the Paris Agreement on climate change possible.

In the light of China's growing clout, the just-concluded G20 has put the sustainable development and climate agenda higher on the G20 agenda than previous summits. However, this summit's successes appear mostly rhetorical, notably the growing repudiation of fiscal austerity, a new emphasis on innovation and battling inequality, and much repeated commitments to maintain an open global economic system. The other headline grabbing initiative was the request to the OECD to produce by next year a list of non-cooperative tax paradises, with the threat of "...defensive measures ... against listed jurisdictions".

The paucity of tangible outcomes reflects the shift of the role of the G20, from firefighter at the peak of the global crisis to workhorse as the crisis abated. The relatively slim Heads of State Communiqué was accompanied by dozens and dozens of working documents from G20 working groups and associated organisations like the IMF. This raises the question of the role and function of the G20, and the possible need in the future for a permanent secretariat of the G20.

Beyond this shift in its role, it is indisputable that the G20 summit came at a tough time for global cooperation. In this context, the other headline grabbing event was the US and China's coordinated ratification of the Paris Agreement. This brings the number of countries having ratified to 26, and their share of emissions to 39%. The threshold for both is 55, for the agreement to enter into force.

Alongside this, the G20 members committed to ratifying the agreement as soon as possible. On climate, the G20 communique was accompanied by a number of working documents of relevance, notably a report on so-called "[green finance](#)", i.e. innovative policies to facilitate the allocation of investment to environmental protection notably climate mitigation and resilience. The report provides a *tour d'horizon* of green finance policies and practices, and numerous calls for further work. Certainly green finance has developed rapidly in China, which is now the number one issuer of green bonds in the world. It remains to be seen how the German G20 presidency may drive forward this agenda. It is notable that the G20 again failed to agree to a firm deadline for the phase out of fossil fuel subsidies.

Further reflecting on the Chinese G20, we see a destructive dance between growing risk, and growing risk aversion. Recognition seems to be growing that the current economic model would no longer work in a socially and economically sustainable way, as it leaves too many people behind and creates too much environmental damage as well. The paradox is that while economists deplore the slowing growth of productivity, the average person's perception is often one of accelerating and destabilising change, in the form of competition, job losses and cultural change, notably. It is these perceptions that led Australia Prime Minister to point to the need to "civilise capitalism". But change brings risk aversion and defensiveness.

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