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G20 in China: Effective or Irrelevant?

By Chia-yi Lee

Synopsis

The 2016 G20 Summit that took place in Hangzhou, China on 4-5 September, produced some significant achievements particularly on combating climate change. Despite some disappointments, they also advanced bilateral diplomacy between key countries.

Commentary

THE G20 (Group of Twenty) Summit in Hangzhou in early September discussed and coordinated on important global issues. It brought together leaders of 20 member economies (including 19 leading countries and European Union), eight invited countries and international organisations, such as the United Nations, World Trade Organisation, World Bank, and the International Monetary Fund.

As it was the first time for China to host the G20 Summit, it made all efforts to ensure its success. While the media spotlighted the big show China presented, some outcomes achieved were mostly on the sidelines.

G20: a Success for China?

Critics argue that the G20 Summit seemed to be a success without any concrete outcomes. It was a success for the host country because China received the global media spotlight and coverage that Beijing had planned for.

Before the summit, hundreds of factories were closed, cars were barred from the roads, and residents were encouraged to travel out of town. The purpose was to present the visiting leaders a clean host city. The result was significant. The skies in

Hangzhou were blue when the world leaders visited, although they turned back to gray after the G20. China had again demonstrated its ability to host a high-profile international event, after the 2008 Beijing Olympics.

Except for China showcasing itself to the global leadership, sceptics view the G20 summit as having failed to deliver any substance. Some observers and analysts point out that the commitments in the communiqué were vague, insubstantial, and disappointing. Challenges faced by the current global society, including terrorism and refugee flows, have been mentioned, but no solid plans of action were put forward.

The communiqué also seemed to praise China's rising economic power. For example, the leaders "welcome the inclusion of the RMB into the Special Drawing Right (SDR) currency basket on October 1st." But overall the communiqué was full of technical language and vague commitments without much substance.

G20 Achievement on Climate Change

Despite the criticisms, the G20 summit in Hangzhou was not without achievement. As an economic forum in essence, G20's major achievement this year was perhaps the member countries' commitment to tackling climate change. In the communiqué, the G20 leaders reiterated their "commitment to sustainable development and strong and effective support and actions to address climate change". This is not empty talk.

The US and China ratified the Paris Agreement the day before the summit. The Paris Agreement was reached at the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015, which set an ambitious goal of keeping the global temperature to well below 2 degrees Celsius above the pre-industry level. So far, 180 UNFCCC members have signed the Paris Agreement, although it will not take effect until it is ratified by at least 55 parties that account for at least 55% of the global greenhouse gas emissions. The joint action by the world's two largest emitters signalled a high likelihood of the Paris Agreement's entry into force this year.

The ratification of the Paris Agreement by the US and China is a major step. However, more could have been done. No deadline was set in the communiqué for member countries to follow suit. The reason is politics. India, for example, decided not to commit to the ratification of the Paris Agreement in response to China blocking its entry to the Nuclear Suppliers Group in June this year. The communiqué also did not specify a deadline to end fossil fuel subsidies, a goal G20 members agreed in 2009. So for environmental activists, the outcome is mixed.

G20 Facilitating Bilateral Talks

The G20 Summit also provided a good opportunity for leaders to meet bilaterally on the sidelines. While a multilateral forum facilitates discussions on global affairs, bilateral meetings allow any pair of countries to discuss issues critical to them. For instance, as one of the eight invited leaders, Singapore's Prime Minister Lee Hsien Loong met with the Chinese President Xi Jinping before the summit to talk about two countries' cooperation and China-ASEAN ties.

Indeed the G20 in Hangzhou witnessed an unprecedented number of bilateral talks. Major countries took this opportunity to discuss contentious issues, such as Brexit and Syria. US President Barack Obama and Russian President Vladimir Putin met on 5 September to discuss how to end the violence in Syria, although no agreement was reached in their meeting.

Leaders of emerging and developing countries also seized the opportunity to meet with each other or with leaders of developed countries to discuss potential collaboration and mutual interests. Indian Prime Minister Narendra Modi met important leaders including President Xi, Australian Prime Minister Malcolm Turnbull, and the Saudi Deputy Crown Prince Mohammad bin Salman. BRICS leaders also held an informal meeting ahead of the G20 Summit. These bilateral or informal talks allowed countries to exchange views on deepening cooperation in crucial issues.

G20: Future Prospect

Sceptics may argue that the G20 is only symbolic and short on substance, which in some sense is true, but the importance of G20 cannot be denied. The G20 is a global forum for industrialised and emerging countries to address key economic as well as political issues. G20 members represent around 85% of the world's GDP, 80% of the international trade, and two-thirds of the global population. As emerging countries have played an increasingly important role in the global economy, the G20 has become no less important and more representative than the G7.

Since its founding in 1999 and particularly the first summit in 2008, the G20 has accomplished some key outcomes, such as the response to the 2008 global financial crisis, the provision of funding to the IMF and other international financial institutions, and the establishment of the Financial Stability Board (FSB) that monitors the global financial system. These achievements are meaningful given that the G20 is only an international platform instead and not an institutionalised organisation. The next G20 summit in 2017 will be hosted by Germany, where continued achievements and perhaps less showcasing can be expected.

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