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G20 Summit in Hamburg: End of US Global Leadership?

By Chia-yi Lee

Synopsis

The 2017 G20 Summit in Hamburg, Germany on 7-8 July has concluded with some compromises. Despite the isolation of the United States from the rest of G20 members on climate change, consensus was reached on trade and other key issues. Does Hamburg mark the end of American global leadership?

Commentary

THE G20 Summit that brought together leaders of 19 leading economies and the European Union as well as key international organisations, such as IMF, UN, WTO, and WHO, concluded with compromises - if only to secure a partial success amid anti-globalisation protests and an inward-looking America.

While the media focused on bilateral meetings particularly the first face-to-face encounter between the United States President Donald Trump and his Russian counterpart Vladimir Putin, some consensus was achieved, for instance, on promoting free trade and building partnership with Africa. There were also, however, disappointments and dissent, especially regarding global warming on which the US stood alone, but other members, led by Germany, took a firm stance to defend the Paris Agreement on Climate Change.

G20 minus 1 on Climate Change

The G20 Summit last year that took place in Hangzhou, China had witnessed a milestone on global efforts tackling climate change; the US and China ratified the Paris Agreement the day before the Hangzhou Summit. The Paris Agreement,

adopted in December 2015, was the most ambitious climate accord aiming to keep the global temperature to well below 2 degrees Celsius above the pre-industry level.

These efforts of combating global warming, however, were later undermined by the withdrawal of the US from the Paris Agreement on 1 June. The action of the world's second largest CO2 emitter pulling out of the Paris Agreement had been criticised fiercely by environmentalists, business leaders, scientists, and world leaders, and marked a significant rift between the US and other G20 members.

The G19 leaders (G20 minus the US), emphasised that the Paris Agreement was "irreversible" and reiterated their commitment to the full implementation of this landmark climate accord. They also issued the "G20 Hamburg Climate and Energy Action Plan for Growth" that put forward measures to facilitate the implementation of the Paris Agreement and promote sustainable development.

The US was clearly isolated on the climate issue due to President Trump's intransigent stance. But the communiqué also included some language to save his face, saying that the US "will endeavour to work closely with other countries to help them access and use fossil fuels more cleanly and efficiently and help deploy renewable and other clean energy sources".

G20's Compromised Consensus on Trade

Trade was another issue over which the US had clashed with other G20 members. The negotiations on trade, however, seemed to reach a broad consensus despite Trump's "America first" policy that has a protectionist flavour.

In the communiqué, the G20 members pledged to "keep markets open noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of non-discrimination". They also committed to the WTO multilateral trading framework, as they noted "the importance of bilateral, regional and plurilateral agreements being open, transparent, inclusive and WTO-consistent".

While G20 members were on the same page on free trade, the language on trade was not without concessions. Although they vowed to "continue to fight protectionism including all unfair trade practices", they recognised the role of "legitimate trade defence instruments", such as anti-dumping and anti-subsidy measures, which left room for potential nationalist policies.

Other issues that were crucial to global economic growth including global supply chains, digitalisation, and labour markets were also discussed, although more specific and concrete plans were not seen in the declaration.

G20: A Shift in Global Leadership?

Some analysts pointed out that the G20 Summit in Hamburg signified the end of America's global leadership. Indeed, the climate issue showed up the divide between the US and the rest of G20 members, but perhaps it is too early to conclude a shift in global leadership. What is more certain, however, is that German Chancellor Angela

Merkel has showcased her skills as host and mediator in global affairs when the US focused more on domestic issues.

G20 is an economic forum in essence, but several other issues which previously received little attention were also on the agenda of the Summit, reflecting Chancellor Merkel's vision and interests. For example, the G20 Africa Partnership was launched by the German Presidency, as G20 members wished to "intensify the important partnership with African countries in order to make a greater contribution to sustainable economic growth and stability."

Other non-traditional security issues including women's empowerment, public health, and rural youth employment were also on the table. While setting these priorities could be Merkel's attempt to lessen domestic pressure regarding immigration problems, it signalled to the world her intent to promote global equality and inclusiveness.

One thing that could have tarnished Merkel's efforts was the violent protests on the streets. Like past G20 Summits in London, Toronto, and Cannes, Hamburg witnessed anti-globalisation activists rally against the Summit. Fortunately, the German police were well prepared for the protests, and the Summit was wrapped up peacefully.

G20: Looking Ahead to Next Year

The 2017 G20 Summit could be hailed as a success, despite some compromises and division. The world leaders showed that they were able to accomplish meaningful outcomes and reach agreements without US leadership. Current issues concerning regional or global security, including the Syrian crisis, terrorism, and North Korea, were also discussed on the sidelines.

The 2018 G20 will be hosted in Buenos Aires, Argentina. As the G20 Presidency has the agenda-setting power, we may expect more viewpoints and issues from the South and emerging economies. As G20 members represent 85% of the world's GDP and two-thirds of the global population, the deals reached will be important for future global economic and political developments.

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