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# G20: Diminishing US Leadership?



German Street Protest Poster 'Welcoming' Trump's Visit to the G20 summit in Hamburg, Courtesy of Flickr account of Rasande Tyskar and used under a creative common license.

## FEATURED COMMENTARY

**G20 Summit in Hamburg: End of US Global Leadership?**

By Chia-yi Lee



Trump with Angela Merkel and Theresa May at G20 Summit, Credit Jay Allen, Courtesy of Flickr account of Number 10 and used under a creative common license. Copyright: Crown Copyright

*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 CO<sub>2</sub> 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 facili-

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tate 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 em-

### **What is the G20?**

*The G20 consists of the 20 major world economies, with an annual international forum for the governments and central bank governors to discuss the most recent developments in the global economy. The Asian members represented at the G20 are China, Japan, South Korea and Indonesia.*

ployment 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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## ASEAN and the World @ 50th Anniversary of ASEAN and Beyond



*Mr Adrian Tan (third from right), Deputy Head of Policy Studies at RSIS, receives a plaque of appreciation along with other guest speakers*

To coincide with the 50th Anniversary of ASEAN, the Centre for Strategic Studies organised an international seminar, with the theme “ASEAN and the World @ 50th Anniversary of ASEAN and Beyond”, at the Strategic Studies Centre of the National Defense Studies Institute (NDSI), Royal Thai Armed Forces Headquarters in Bangsaen, Thailand on 1-4 August 2017.

The seminar was held at the historic seaside resort town of Bangsaen in Thailand’s Chonburi Province. The choice of Bangsaen is particularly meaningful. It was in Bangsaen

in 1967, at the home of then Prime Minister Plaek Phibunsongkhram, that the foreign ministers of Singapore, Thailand, Malaysia, Indonesia, and the Philippines first came together to discuss the formation of ASEAN. The outcome of the discussions was the Bangkok Declaration, which was signed on 8 August 1967 in Bangkok.

The seminar brought together an interesting mix of academics and officials from the United States, China, Australia, the United Kingdom, Russia, the European Union as well as the ASEAN member

states. The RSIS delegation was led by Mr Adrian Tan (Deputy Head, Policy Studies) and comprised Mr Eddie Lim (Senior Fellow/Head, Military Studies Programme) and Mr Phidel Vineles (Senior Analyst, Centre for Multilateralism Studies).

Discussing Singapore’s perspective on ASEAN, Mr Tan said Singapore attached great significance to ASEAN and would continue to contribute to its success. He also focused on ASEAN’s economic strength. As a global player and an economic powerhouse, ASEAN, he noted, had a combined gross

domestic product (GDP) of US\$2.6 trillion and was set to become the fourth largest economy by 2050. Mr Tan concluded that it was critical for ASEAN to continue to put effort into human capital development to meet the new challenges of the global market. The regions self reliance was increasingly important as global politics and economic become ever more unpredictable. ■

## Joint Training on Economic Corridor Development in Asia



The participants and trainers gather for a group photo at the Oasia Hotel, Singapore for the eighth capacity building collaboration effort between RSIS and ADBI.

On 23-25 August 2017, the training programme on Economic Corridor Development for Competitiveness and Inclusive Asia was organised jointly by the Centre for Multilateralism Studies (CMS) of RSIS, the ADB, the Asian Development Bank Institute (ADBI), and Ministry of Foreign Affairs (MFA)-Singapore. The programme was comprised of public sector leaders, academics, policymakers, and development planners across Asia.

The training programme underscored the importance of economic corridors for bringing sustainable economic development to the region. A good example, is the success of the Greater Mekong Sub-region (GMS) Economic Cooperation Programme, which consists of six countries: Cambodia, China, Lao PDR, Myanmar, Thailand, and Vietnam. According to Alfredo Perdiguerro, Director of Southeast Asia Department at ADB, the GMS Pro-

gramme had invested US\$17 billion in various projects with 80 percent of funds going to transport connectivity. He also said that the GMS Programme's Southern Economic Corridor had reduced the travel time between Phnom Penh to Ho Chi Minh from 9-10 hours in 1999 to five hours in 2015.

Diversifying the discussion, Dr Aladdin Rillo, Senior Economist of ADBI, explained that infrastruc-

ture development and high productivity are important for boosting GDP. He said that infrastructure projects create jobs and also directly improve the production and distribution within an economy. Emphasising the importance of infrastructure development, Dr Rillo disclosed that the infrastructure investment needs in developing Asia is equivalent to a significant US\$26 trillion or US\$1.7 trillion per year, from 2016 to 2030.

Amb Ong Keng Yong, Executive Deputy Chairman of RSIS, described economic corridors as an effective strategy for building international cooperation. He also said that economic corridor programmes help to facilitate investment flows and movement of skilled workers in Asia because it promotes connectivity between countries. ■



Participants from ASEAN Member states and other Asian economies collaborate on group exercises at the workshop

## Annual Meeting for American Political Science Association (APSA)

From 31 August to 3 September 2017, San Francisco was host to the 113th Annual Meeting for the American Political Science Association (APSA) with the theme of the year being 'The Quest for Legitimacy: Actors, Audiences, and Aspirations' with the program Chairs being Amaney A. Jamal, Princeton University and Susan Hyde, University of California, Berkeley.

The Centre for Multilateralism Studies were lucky enough to have a member

of faculty representing RSIS at this year's meeting, as Assistant Professor Lee Chia-yi was there to present the findings of a working paper.

Assistant Professor Lee Chia-yi presented her paper entitled 'Why and under What Conditions Are Women More Open to Foreign Direct Investment?'

The paper which is a joint effort between Assistant Professor Lee Chia-Yi and Shin Mi Jeong, Assistant Professor at the Shanghai University of Finance and

Economics (SUFE), attempts to shed light on the gender gap that exists when considering the comparative openness to foreign direct investment (FDI).

The argument is that women are more open to FDI because multinational firms offer better working conditions and higher wages on average compared to domestic firms.

The effect is most pronounced when taking into account the relative level of development of the

economy, with women in economically developed countries or globalized economies are more open to FDI than their male counterparts to an even greater degree. ■

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**Multilateral Matters** is the quarterly publication of the Centre for Multilateralism Studies (CMS), analysing the most recent developments regarding multilateralism by our team. It covers articles on relevant economic and political issues as well as programmes and latest publications from the research centre. The objective of the newsletter is to promote the research being done by our centre, raising awareness of the many events that we hold on a regular basis.