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# From Hangzhou to Hamburg: Old Partners and New Thinking

Workshop on  
The G20 and Global Economic Governance

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International Political Economy of EU-Asia Relations  
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**RUHR-UNIVERSITÄT BOCHUM**

# Outline

1. Introduction
2. China's role in global economic and climate governance
3. Germany as a partner in climate protection
4. The G20 as a forum for building new climate partnerships
5. Outlook

# Introduction

## Recent changes in global affairs

- European Union: populism, terrorism, migration crisis, Brexit, “new deal”?
  
- New US administration: President Donald Trump
  - „America first“
  - Protectionism
  - Withdrawal of the USA from the Transpacific Partnership (TPP)
  - Trump has recently re-decided that the North Atlantic Treaty Organization (NATO) is not “obsolete”
  - The fate of the further economic integration of the USA and the EU via the Transatlantic Trade and Investment Partnership (TTIP) is in limbo
  - The future of an effective international climate policy is uncertain.
  - From a European perspective the role of the USA as a linchpin of the liberal international order is changing dramatically.

# Introduction

## Climate policy & the reliability of old partners

- Uncertainty: What to expect?
- President Trump primarily rates climate protection as an obstacle to an economically strong USA. („The concept of global warming was created by and for the Chinese in order to make U.S. manufacturing non-competitive.“ (Trump via Twitter, 6. Nov. 2012))
- The withdrawal of the Trump administration from climate policy objectives threatens to weaken international efforts to combat global warming.
- By such unprecedented developments not only the value of old certainties is put into question but also the reliability of old partners.
- As the level of uncertainty around the world is increasing so is the need for collective problem solving.

# Introduction

## US' new unilateralism & China's leadership

Donald Trump  
proclaimed the merits of  
protectionism in his inaugural address



Xi Jinping  
called for an open and liberal global economic order  
& proclaimed China's interest to „vigorously foster  
an external environment of opening-up for common  
development.“ in Davos

- China's readiness to engage in global economic governance has increased over time and can best be observed in the context of the G20.
- While China firstly enacted, what can be called “focused leadership” until the Los Cabos G20 Summit (Bersick/Gottwald 2013), Beijing's interest in a G20 presidency and the results of the 2016 Summit in Hangzhou demonstrate China's increasing role in issues of global economic governance (Hangzhou Interim Compliance Report: 2017).

# Introduction

## Implications for the upcoming G20 Summit in Hamburg

- The three main pillars of the German agenda are (Bundeskanzleramt 2017):
  - Building resilience
  - Improving sustainability
    - “protecting the climate and advancing the sustainable energy supply” (Bundeskanzleramt 2017: 8)
  - Assuming responsibility
- It is time for Germany and China to play more assertive roles by increasing their cooperation in the G20.
- New thinking and leadership in global economic and climate governance is needed to tackle the tension between economic growth and climate change.

# China's role

## in global economic and climate governance

- China's growing political and economic importance on the international stage
  - increasing expectations re China's contribution to cope with global challenges
    1. sluggish worldwide economic growth
    2. global climate protection
- China was accorded a central role in the G20 process: as a driving force for renewed worldwide economic growth
- China's financial system (low public debts and comparatively strongly regulated financial markets) = good starting basis for generating strong stimuli to revive the international economy
- stimuli packages -> encouraged investment spending at the local level
  - Adaption of the role

# China's role

## in global economic and climate governance

- China is the emitter of nearly one third of global GHG emissions.
- Restricting climate change efficiently without China's active commitment will prove futile.
- Consequently, the pressure on the Chinese leadership in this regard increased over the last two decades.
- Here again, China accepted the role the international community expected it to play (NDRC 2016).
- China = first and only emerging nation that committed itself to a peak year concerning CO2 emissions thereby acting as a role model for the G77.
- In a joint statement (Nov 2014), President Xi Jinping and President Barack Obama pledged themselves to take the lead in climate protection in the run-up to the Paris conference in 2015.



# China's role

## in global economic and climate governance

### Domestic challenges

- The adaption of both roles are in line with domestic necessities and the claims of national political and social forces.
- A strong role in the international economic system, especially in the G20, helps the Chinese economy not to lose momentum.
- Growth-oriented economy -> environmental & climate-related problems
  - Improvement of living conditions has become an integral part of maintaining the legitimacy basis for the Chinese government
- The Chinese public by now attaches a higher value to an intact environment than to economic growth (World Values Survey 2016: V 81).
- Both roles thus seem to correspond to domestic as well as to external expectations. But fulfilling them at the same time creates a tension field between economic and ecological objectives (Solmecke 2017).

# China's role

## in global economic and climate governance

- China's input remains less ambitious than would be possible (Green and Stern 2017), e.g. the planned reduction of CO2 emissions does not imply an absolute cap.
- To keep climate change within secure limits the global CO2 output has to be limited to 750 billion tons until 2050. Even based on the current level of emissions this budget will already be used up in about twenty years (WBGU 2011: 2).
- The voluntary pledges made by currently 144 countries within the Paris Agreement are not going far enough to reach these aims.
- The US' apparent withdrawal from the international liberal trade order as well as from global climate protection creates a vacuum of responsible actors.
- The task to create a sensible balance between these two fields which involves assigning clear priority to the ecological carrying capacity (Rockstroem et al. 2009) needs new leading alliances
- Expectations towards China: driver and facilitator of a further intensification of international economic relations & leader in climate negotiations

# Germany as a partner

## in climate protection

- Besides China and the USA, the EU is one of the largest GHG emission producers and therefore plays a key role within the framework of climate protection efforts (EU Global Strategy 2016)
- For ecological, economic and security reasons, the EU and China have built up a comprehensive cooperation in climate protection (Bo, Biedenkopf and Chen 2016), in which the German government obtains a crucial function promoting the transformation to a low carbon economy.
- The energy concept 2010 is the foundation for Germany's energy transition (BMW 2010) and signals the government's willingness to be the driving force in the change to sustainable energy supply (Morris and Pehnt 2017).
- An essential contribution to achieving the EU goals consists in Germany's commitment to the reduction of GHG emissions by 55% until 2030 and 80-95% until 2050 compared to 1990.
- Germany would play a prominent role within a new "climate axis" between China and the EU, if the EU was taking over the leadership in strong climate protection.

# Germany as a partner

## in climate protection

- Germany faces the same conflict between economic and ecological goals as China:
  - Other countries assign leadership role in climate protection, but it is in Germany's own interest as well (Schönthaler et al. 2015)
  - External as well as internal forces expect Germany as the EU's strongest economy to function as an economic motor as well as an anchor for stability, both domestically and globally (Sachverständigenrat 2016)
- This conflict of priorities became evident in the context of the UN climate conference in Marrakesh 2016, when economic objectives diluted rigid climate targets in Germany's climate protection plan (BMBU 2016).
  - Interim CO2 reduction goals as well as the power consumption reduction target of 20% until 2030 were removed from the document
  - Exit strategies for coal are now left to a separate commission
- In sum: It will be difficult to achieve the reduction objectives and Germany has de facto lost credibility as an international leader in the combat against climate change.

# The G20

## as a forum for building new climate partnerships

- Chinese government laid a solid foundation for the integration of climate issues into the G20 negotiations during the 2016 Hangzhou Summit. Now, the G20 Summit in Hamburg presents an opportunity to strengthen national and international priority setting regarding climate protection.
- Cooperation between the EU/Germany and China needs to be intensified, especially with respect to the new US administration threatening to change priority setting in the G20.
  - The final communiqué of the G20 finance ministers and central bank governors' meeting in March 2017 exclusively focuses on economic growth, whereas the 2016 communiqué had contained a clear commitment to climate protection.
  - A dynamic economy remains at the center of the G20 process.
- Considerable re-thinking by all involved states is required for the rebalancing of priorities towards a stronger emphasis on climate protection – most urgently concerning the phasing-out of coal as a major CO<sub>2</sub>-intensive energy source.

# Outlook

- The G20 members are responsible for 74.9 percent of worldwide GHG emissions. 1990 to 2013: total GHG output increased by 56 percent (Burck et al. 2016)
- The member states' INDCs are still far from what is necessary to meet the 2° C goal (Dong 2017).
  - Tension between the necessity to secure a safe ecological living environment and economic growth objectives -> dilemma
- Even if a partial decoupling of economic growth and current GHG output is possible, it will not replace the need for a profound reform of the fossil fuel based economic system (UNEP 2016).
- Germany: possibilities of technological progress in conventional energy systems have largely been exhausted -> challenge
- China: inefficient technology use currently still leaves sufficient room for swift successes in this regard -> challenge
  
- In a time of US disengagement from multilateral institutions of governance -> China, Germany and the EU should take a lead as old partners that promote new thinking which helps to strengthen and to priorities the protection of the global climate.



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