



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

**A Canadian Primer to the G20 Summit:  
Hangzhou, China, September 4-5, 2016**

by Colin Robertson  
September, 2016

# POLICY UPDATE

---

## **A CANADIAN PRIMER TO THE G20 SUMMIT: HANGZHOU, CHINA, SEPTEMBER 4-5, 2016**

by Colin Robertson  
CGAI Vice-President and Fellow  
September, 2016



CANADIAN GLOBAL AFFAIRS INSTITUTE  
INSTITUT CANADIEN DES AFFAIRES MONDIALES

Prepared for the Canadian Global Affairs Institute  
1600, 530 – 8th Avenue S.W., Calgary, AB T2P 3S8  
[www.cgai.ca](http://www.cgai.ca)

©2016 Canadian Global Affairs Institute  
ISBN: 978-1-988493-02-2



**O**n Sunday and Monday the leaders of the major economic nations, their finance ministers, and central bankers will meet to discuss global economic and financial issues in Hangzhou, China. This will be the first time China has hosted the G20 Summit.

Hangzhou was chosen as this year's host due to its natural beauty and because it symbolizes China's transition from a low-cost manufacturer to a high-tech economic power. Chinese President Xi Jinping lived in Hangzhou for five years while serving as the province's Communist Party chief. It is also the hometown of Alibaba, one of China's largest e-commerce companies and its founder, Jack Ma, who met earlier this week with Canadian Prime Minister Justin Trudeau. To prepare for the Summit, factories surrounding Hangzhou have been ordered to [close](#) to mitigate pollution and traffic will also be restricted, with half the city's vehicles barred from roads.

The G20 Summit takes place against the backdrop of the ongoing Syrian crisis and terrorism inspired by extremism; European challenges surrounding Brexit and the refugee crisis; tensions in the South and East China Seas and North Korea; and the approaching US election. These issues will inevitably spill over into the informal discussions.

On the economic front, leaders face the challenges of unemployment rates, anemic global economic growth, and the slowdown in the Chinese economy. The Doha Round of trade negotiations remains petrified and there is concern about growing global protectionism.

### **WHO AND WHAT IS THE G20**

The G20, originally a meeting of finance ministers, their deputies and central bankers, was formed in 1999 in the wake of the Asian and Russian financial crisis, with then Canadian Finance Minister Paul Martin playing a lead role. It was elevated to involve national leaders in the wake of the 2007-2008 financial crisis, when President George W. Bush convened a summit in Washington (November 2008) to address the issue.

Hangzhou is the eleventh summit meeting (Canada hosted the G20 in Toronto in June 2010). The leaders' summit is the culmination of a year-long process of meetings that, in addition to the central bankers, finance ministers, and sherpas, includes sessions involving representatives of labour, business, think tanks, youth, women, and civil society.

The member [countries include](#) the G8 nations: Canada, United States, Japan, France, Germany, Italy, United Kingdom and Russia as well as Argentina, Brazil, Mexico, Australia, China, India, Indonesia, Korea, Turkey, Saudi Arabia, and South Africa. With two-thirds of the world's population, these member's economies account for over 80 per cent of world trade and global production.

The heads of the International Monetary Fund and World Bank participate, as do the heads of the European Union, European Commission and the head of the European central bank. This year's attendees also include the head of the International Labor Organization, and the chairs of the African Union, Association of East Asian Nations (ASEAN), G-77 and other national leaders.



## **THE G20'S 'STANDING' AGENDA**

The G20 has developed a de facto standing agenda.

First: restoring a multilateral trading system. Expect encouraging words from leaders on this front but there is no sense the WTO Doha Round that commenced in November 2001 will soon be concluded. Today, movement on multilateral trade rests with the Trans-Pacific Partnership (negotiated but not implemented) and a series of smaller regional groupings. While the volume of global trade [is growing slightly](#), its value has fallen because of shifting exchange rates and falls in commodity prices.

Second: resisting protectionism. Global Trade Alert [reports](#) that resorting to protectionism in 2015 is 50% up from levels seen in 2014. It observes that protectionist measures – ranging from trade remedies and local content requirements to discriminatory regulatory practices – have [increased](#) despite repeated pledges by the world's leading economies to rein in such measures. The G20 nations accounted for [81%](#) of protectionist measures in 2015, notwithstanding their pledge for [‘standstill’ at the London 2010 summit](#).

Third: promoting international investment. Barriers to investment continue to plague G20 economies, and governments need to further open their doors. In July 2016, G20 trade ministers endorsed nine G20 [Guiding Principles for Global Investment Policymaking](#). In June 2016 UNCTAD's [World Investment Report](#) showed that FDI flows “soared” in 2015 to its highest level since the Great Recession (2007-9).

Fourth: achieving sustainable fiscal policy. This means saving in good times so nations can spend in a recession and then bounce back to balance as quickly as possible. While governments use both monetary and fiscal policy, US Treasury [Secretary Jack Lew](#) said there is a sense from central bankers and senior finance officials coming out of recent Jackson Hole discussions, that governments can and should do more on the fiscal and structural side to stimulate economic development through building infrastructure projects et al.

Fifth: supporting sustainable development in addressing poverty, inequality and climate change. [World leaders gathered](#) in September 2015 at the United Nations in New York to adopt the [2030 Agenda for Sustainable Development](#). The new agenda, replacing the Millennium Development goals, includes 17 new [Sustainable Development Goals](#) (SDGs), or [Global Goals](#), which will guide policy and funding for the next 15 years, beginning with a historic pledge to end poverty.

Developing countries now account for more than half of the world's economic activity and more than half of global exports. China is now the number one world exporter. There is wide agreement that development and global economic issues must be ‘mainstreamed’ into the G20's core agenda.

## **WHAT DOES THE HANGZHOU SUMMIT WANT TO ACHIEVE?**

The theme of the summit is a mouthful: "Toward an Innovative, Invigorated, Interconnected and Inclusive World Economy." Chinese Foreign Minister Wang Yi recently set out [ten goals for this summit](#):



1. Develop a blueprint of innovative growth;
2. Formulate action plans to implement the UN 2030 Agenda for Sustainable Development;
3. Identify priority fields, guiding principles, and index system for structural reform;
4. Draft strategies for global trade growth;
5. Set out guiding principles for global investment policies;
6. Deepen the reform of international financial architecture;
7. Establish three-in-one cooperation on anti-corruption;
8. Launch a cooperation initiative to support the industrialization of Africa and the least developed countries;
9. Draw up entrepreneurship action plans; and
10. Promote the early entry into force of the Paris Agreement on climate change.

In a [letter](#) to fellow leaders EU Council and Commission Presidents Donald Tusk and Jean-Claude Juncker identified three key issues:

1. The G20 should continue playing a role in tackling the international refugee crisis;
2. Boosting jobs, growth, and investment should remain at the top of the G20 agenda; and
3. Pushing forward the work on international tax transparency and combatting the financing of terrorism.

### **WHAT ABOUT DELIVERABLES FROM HANGZHOU?**

Don't expect a lot. UN Secretary General Ban Ki-Moon observes that G20 will discuss the Sustainable Development Goals and climate change, and how we implement them in parallel. Watch for action on the following areas:

1. Draft Action Plan on the Sustainable Development Goals.
2. Resurrecting the Doha Round. Currently on life support, a global agreement could result in GDP increases of approximately \$960 billion and create over 18 million jobs worldwide, according to a study by the [Peterson Institute](#). But no one is holding out much hope for progress.
3. Standing Against Protectionism.

### **A ROLE FOR CANADA?**

In a recent interview, former Prime Minister Paul Martin [argued](#) that Prime Minister Justin Trudeau could “play the leading role in making globalization work” and in reviving multilateral institutions. Acting as a bridge and helpful fixer – traditional Canadian roles - also gives us an opportunity to leverage Canadian own interests. Effectively linking trade, climate mitigation and international development are all Canadian objectives and the G20 is a forum for advancing them.



## **DO WE REALLY NEED A G20?**

Yes. The G20 filled a gap in the architecture of top table meeting places.

The permanent members of the Security Council - Russia, China, France, Britain and the United States – represent the world of 1945 and the early Cold War. As we have seen during the Syrian and other crises, getting the Security Council to act constructively is very difficult. Reform of the Security Council in order to make it more representative of today's geo-political situation has been an exercise in futility.

The G-8 group of leaders is Eurocentric. Consisting of the USA, France, Britain, Germany, Japan, Italy, and Canada, it was created in 1975-6 in the wake of the economic crisis induced by OPEC. Russia was admitted after the fall of the Soviet Union and then expelled over its invasion of Ukraine. The G8 does not include China, India or Brazil, so the G-20 makes sense.

Like the G8, much of the value of the G20 is in its process. More people will work on the draft of the final communiqué than will actually read it, but the process of getting there is what really matters. The ongoing meetings between central bankers and finance ministers (the original G20) now include separate discussions with business, civil society, and think tanks.

At the summits, what matters is not the prepared statements at the main table but the frank discussions and informal meetings that take place in the corridors and meeting rooms around the main conference. Winston Churchill, who popularized the word 'summitry' observed that 'jaw-jaw' between leaders is better than 'war-war'.

*Further Reading: The official [G20 Hangzhou website](#). The best Canadian sources for G20 documentation with a chronology of past summits is at the University of Toronto's [G20 Information Centre](#) that has been managed for years by John Kirton. The Center for International Governance Innovation (CIGI) in Waterloo has done [excellent work on G20](#) including the recently published book *The Dragon's Footprints: China in the Global Economic Governance System under the G20 Framework* by Alex He. He argues: "Correctly engaging China within global economic governance fora, such as the G20, offers substantial benefits for all actors within the global economy"*

## ► **About the Author**

---

*A former Canadian diplomat, Colin Robertson is Vice President and Fellow at the Canadian Global Affairs Institute and Executive Fellow at the University of Calgary's School of Public Policy. He is Senior Advisor to Dentons LLP working with the Business Council of Canada. He is a Distinguished Senior Fellow at the Norman Paterson School of International Affairs at Carleton University. He is chair of the board of Canada World Youth. He is a member of the board of the Conference of Defence Associations Institute and the advisory board of the North American Research Partnership. He is a past president of the National Capital Branch of the Canadian International Council. He is an Honorary Captain (Royal Canadian Navy) assigned to the Strategic Communications Directorate. He writes a column every two weeks on foreign affairs for the Globe and Mail and he is a regular contributor to other media.*

Contact: [crobertson@cgai.ca](mailto:crobertson@cgai.ca)

## ► **Canadian Global Affairs Institute**

---

The Canadian Global Affairs Institute focuses on the entire range of Canada's international relations in all its forms including (in partnership with the University of Calgary's School of Public Policy), trade investment and international capacity building. Successor to the Canadian Defence and Foreign Affairs Institute (CDFAI, which was established in 2001), the Institute works to inform Canadians about the importance of having a respected and influential voice in those parts of the globe where Canada has significant interests due to trade and investment, origins of Canada's population, geographic security (and especially security of North America in conjunction with the United States) or the peace and freedom of allied nations. The Institute aims to demonstrate to Canadians the importance of comprehensive foreign, defence and trade policies which both express our values and represent our interests.

The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the International Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

In all its activities the Institute is a charitable, non-partisan, non-advocacy organization that provides a platform for a variety of viewpoints. It is supported financially by the contributions of individuals, foundations, and corporations. Conclusions or opinions expressed in Institute publications and programs are those of the author(s) and do not necessarily reflect the views of Institute staff, fellows, directors, advisors or any individuals or organizations that provide financial support to the Institute.