Recalibrating the G20’s Mission Toward Sustainable Development: Opportunities and Challenges for Germany’s 2017 Presidency

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Abstract

It will not be easy for Germany to build a meaningful legacy from its current presidency of the Group of 20 (G20). This is not a question of political will; rather, it is related to the constraints posed by international and domestic factors. On the external front, the uncertainty associated with the inauguration of U.S. president Donald Trump has fundamentally disrupted the G20 process. It seems highly unlikely that leaders will find common ground on critical issues of global economic governance before the Hamburg Summit in early July. Until then, we can expect stalemate and polarization rather than joint action. Given Trump’s statements, his administration will openly challenge the G20 paradigm of economic globalization and international cooperation. In addition, his leaning toward Russia and antagonism toward China will put pressure on traditional alliances, the Group of Seven and the BRICS grouping of Brazil, Russia, India, China and South Africa. The domestic context is also complicated and is certainly not benign from the perspective of German chancellor Angela Merkel. Although she and her conservative party are set to win the upcoming national election, a surging populist party on the right is attracting significant attention. The electoral process will make it impossible for Merkel to meet outside fiscal demands, including for the use of fiscal space to reduce the persistent current account surplus.

Despite such adversarial conditions, the German government is determined to lead the fight against protectionism. Building on China’s preceding G20 presidency, Berlin will also emphasize the key relevance of the Sustainable Development Goals to a universal policy framework and will call for special efforts on Africa. However, it remains to be seen if Germany can achieve anything of relevance in the face of these mounting challenges.

Key words: G20; Germany; protectionism; Sustainable Development Goals; 2030 Agenda for Sustainable Development; Africa


On 1 December 2016, Germany assumed the presidency of the Group of 20 (G20). As a highly influential middle power with considerable economic and diplomatic clout, Germany is uniquely positioned to enhance the effectiveness of the G20 while simultaneously promoting its soft power status [Cooper, 2014]. More than other G20 mem-

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1 The editorial board received the article in January 2017.
bers, the country seems committed to cooperative multilateralism due to its historical burden of fascism and militarism during the 20th century. It can safely be assumed that the future relevance of the G20 as guardian of the global common good will, to a certain degree, depend on the success of the German presidency. This article considers how the interplay of domestic and external factors may affect the outcome of Germany’s agenda.

The arguments presented here focus on the policy options and challenges that Germany faces as it leads the club of the most important economies toward global sustainable development. The first section of this article outlines the shifting global contours that act as conducive or limiting conditions. Here, the German presidency is confronted by three mutually reinforcing, destabilizing mega trends: the first is that of significant power shifts in the global system; the second is the emergence of dangerous threats to the stability of planetary ecosystems; and, third, there is the toxic issue of social disparities and cultural backlash at the domestic level.

The second section identifies key policy fields in which Germany intends to record signature achievements in response to global challenges during its tenure as president. German chancellor Angela Merkel has declared strengthening the G20’s commitment to the 2030 Agenda for Sustainable Development to be a top priority [German Presidency of the G20, 2016]. Her government has also emphasized its intention to build on the 2030 Action Plan adopted by the G20 at the Hangzhou Summit in September 2016. However, progress could be jeopardized by the fact that six of the 19 national heads of state and government will be newly in office when leaders meet in Hamburg in early July 2017. Based on present knowledge, this will apply to the important member countries of Brazil, France, the United States, Korea, Italy and the United Kingdom. Judging from experience, these new leaders will not necessarily feel bound by the resolutions taken by their predecessors.

Another key priority of the German presidency is to establish a new kind of partnership between the G20 and Africa. Here again, Germany will follow in the footsteps of the Chinese presidency, which, for the first time, opted for a regional approach to the concerns of developing countries. At the Hangzhou Summit, leaders pledged to support the industrialization of Africa. A third area of German engagement during the country’s presidency is the promotion of dialogue among forums for North–South and South–South cooperation. In this context, Germany can make use of its recently assumed position as co-chair of the Global Partnership for Effective Development Cooperation [Klingebiel and Li, 2016]. So far, the global development architecture lacks a universally accepted forum for the exchange of experience and mutual learning with respect to how to best to support developing countries. The institutional gap poses risks for the implementation of the 2030 Agenda since many low- and middle-income countries continue to depend on external assistance to transform their economies and societies based on the principles of sustainable development.

The third section of this article identifies domestic constraints that limit the authority and capacity of Germany’s leadership role in global economic governance.
There are three key factors to consider in this context. First, national efforts to implement the 2030 Agenda and the Sustainable Development Goals (SDGs) at the domestic level are subject to severe criticism. Second, the persistent, significant surplus in the country’s current account is seen internationally as contributing to global imbalances. And third, the use, or rather non-use, of substantial fiscal space by the government has provoked world-wide reactions.

This article concludes by highlighting the potential of German leadership in the G20 while also noting the need for bolder action. With its strong economy and a history of commitment to cooperative multilateralism, the legacy of the German presidency could be the recalibration of G20’s mission toward global sustainable development. Germany should lead the transformation of the G20’s identity from a concert of great powers to the guardian of global well-being. This would help the G20 to arrive at a new balance between national interest and the global common good [Fues and Messner, 2016a, b]. The self-appointed club at the apex of the global system could thus become a driver for world-wide social and economic transformation on the basis of the 2030 Agenda for Sustainable Development.

Systemic Risks and Global Challenges

The German presidency comes at a critical juncture in the global dynamics of world politics. Three mega trends will confront the leaders of the most powerful economies when they come together at the Hamburg Summit in early July 2017.

Global Power Shifts

The first mega trend is the likelihood that the national, inward-looking approach of the Trump administration will accelerate the decline and disintegration of the U.S.-led global system. This irreversible development is accompanied by the emergence of a parallel world order under China’s leadership [Stuenkel, 2016]. The shift of global power to the East and South is manifest in a whole string of recent institutional innovations such as the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB) established by the BRICS grouping of Brazil, Russia, India, China and South Africa, and China’s Silk Road Fund. On top of this, China’s Regional Comprehensive Economic Partnership (RECP) has emerged as an alternative to the now moribund Trans-Pacific Partnership (TPP). For the moment at least, it looks as if the two orders can co-exist without colliding since the rising powers of the South are not openly confronting the world of the Organisation for Economic Co-operation and Development (OECD) [Li, 2016].

However, the gradual erosion of the liberal world economic order threatens to fan transboundary conflicts over trade and investment and create tensions that may mutually reinforce geo-political rivalries such as the conflicting territorial claims in the South China Sea. There can be no doubt that the world is entering a period of turbu-
lence marked by new political, economic and geo-strategic constellations that carry significant risks of confrontation and collision among major powers. In the face of rising tensions, the G20 could be the forum where conflicting interests are articulated and mediated. With a growth in world population to around 10 billion by 2050 and chronic overuse of the global biosphere, contestation over limited, even shrinking, environmental resources will increasingly become the key source of international friction.

**Threats to Global Ecosystems**

The second mega trend refers to the rapid deterioration and degradation of key global ecosystems due to the excessive environmental footprint of humankind [Lamberti, 2017]. In the *Living Planet Report 2016: Risk and Resilience in a New Era*, the World Wildlife Fund [2016] illustrates that current patterns of production and consumption are unsustainable and currently exceed the biocapacity of our planet by a factor of 1.6. This means that humanity today consumes 60% more natural resources and services than would be available without depleting natural capital. Thus, humanity as a whole takes more from nature than can be renewed. In 2016, the so-called Earth Overshoot Day — the day after which humans consume more than the earth can regenerate in the same year — was 8 August [Global Footprint Network, 2017b, a].

This global overshoot carries significant risks, including global warming, loss of habitat and arable land, biodiversity and pollution of water, land and air. Findings generated by the Stockholm Resilience Centre demonstrate that four of nine existential planetary boundaries have been crossed through human activity [Steffen, Richardson, Rockström et al., 2015]. The world is considered to have moved beyond safe operating space with respect to climate change, biospheric integrity, land-system change and biogeochemical cycles. According to other assessments, freshwater use on a global scale has also passed beyond a safe threshold. Such transgressions will inevitably drive new patterns on a global scale that promise to make life much more unpleasant and troublesome for the human race, no matter where people reside.

Of course, the global consumption of natural resources and services is highly uneven. The available average biocapacity per person on a global scale currently stands at 1.7 hectares. The present German value is 5.3 hectares, implying that on average each German citizen makes use of three times more global space than would be permissible with equal distribution worldwide. In contrast, the figure for Mozambique is 0.9 hectares and for Bangladesh only 0.7 hectares. In general, the use of ecosystems by low-income countries lies significantly below the ratio of universal equity, namely 1.7 hectares. The highly uneven consumption of natural resources in the world raises serious concerns about inequities and unequal access in the global system.

The task of addressing the global overshoot in the use of natural resources becomes even more urgent with the rise of the middle class in developing countries. At the moment, two thirds of the three billion people who belong to the global middle class live in developing countries [Kharas, 2016]. In 2021, the size of the middle class
could surpass four billion people, representing the majority of the world’s population. However, this growth will happen exclusively in the developing world while growth in the advanced economies stagnates. Obviously, the growing purchasing power of the new middle class will exacerbate threats to the stability of global ecosystems if present patterns of production and consumption are replicated. The G20 could be the space where such disparities among countries and systemic risks from global overshoot are addressed. By reaffirming their commitment to the 2030 Agenda for Sustainable Development at the 2016 summit, G20 leaders have opted for a transformative pathway that now needs to be put into practice.

However, the inclination for global cooperation and joint problem solving is increasingly challenged by the rise of nationalist tendencies in many countries of the global North and South. The backlash against globalization, seen by some as serving the privileged classes, pushes governments to act according to narrowly understood national interests. If the G20 wants to promote the global common good, its leaders need to respond to growing social disparities and social resentment within their own societies.

**Domestic Inequalities and Cultural Clashes**

Unfettered globalization and skewed domestic power relations have contributed to the rise of profound inequality within societies since the early 1980s. This was the time when the introduction of market-friendly, neoliberal policies by U.S. president Ronald Reagan and British prime minister Margaret Thatcher began to transform the legal and institutional frameworks for private wealth generation and public redistribution [Piketty, 2014]. The opening-up reform programme of China initiated in 1979 and its admission to the World Trade Organization (WTO) in 2001 further strengthened the globalist avalanche of transborder economic relations. The fall of the Berlin Wall in 1989 signalled the end of the Soviet-led communist economic and political order, thus accelerating economic integration on a global scale. This led to hyper-globalization, a state of trans-nationalization and erosion of the nation-state [Rodrik, 2011].

On the basis of national averages, globalization has reduced the gap between industrialized economies and many countries of the South. However, the purchasing power of the middle and working classes in OECD members has stagnated in the period of neoliberal integration, giving rise to the present populist backlash [Milanovic, 2016]. The British decision on the Brexit referendum in June 2016 and the U.S. elections in November 2016 are proof of the growing alienation felt by certain parts of western societies. Similar developments can be seen in France, the Netherlands and Austria, among other European countries. In Germany, the increasing strength of a populist, xenophobic party (“Alternative für Deutschland”) puts pressure on the present administration and limits the options for future coalition governments after the September 2017 national elections.
The populist challenge to globalization and cooperative global governance is not just driven by economic inequities and social deprivation. It also derives from a widespread feeling of loss of control and cultural alienation in many societies [Nye, 2017]. Although the globalist class benefits from the fading relevance of national borders and freely makes use of world-wide resources for personal advancement and self-realization, groups at the lower end of the social strata seek refuge in a collective identity with homogeneous characteristics. In their world view, conditioned by fear and resentment, immigrants and cosmopolitan elites are understood as threats to cultural integrity, traditional values and national self-determination.

Against the backdrop of the global power transition, widespread environmental degradation and significant hostility to globalization, the German government has begun to shape its agenda for collaboration and joint problem solving within the G20 [Cheng, 2017].

**Priorities of Germany’s Presidency**

Germany’s G20 presidency offers promising opportunities for the country’s engagement in cooperative global governance for sustainable development [German Presidency of the G20, 2016]. There are three main areas that have attracted closer attention from the government:

- following-up on the 2030 Agenda to ensure that the aspirations of the Hangzhou Summit are fulfilled;
- achieving a new partnership between the G20 and Africa; and
- breaking down the wall of distrust between old and “new” donors in order to support the implementation of SDGs in developing countries.

**Aligning the G20 to the 2030 Agenda**

Beginning with the 2010 Seoul Summit, the G20 has embraced global development as a key concern. On that occasion, the leaders established a Development Working Group (DWG) within the sherpa track. In recent years, the DWG has focused on important issues such as inclusive business, vocational skills and cost reduction for workers’ remittances. However, the overall impact of such measures has been quite limited, not because of DWG failures but rather because the G20 has shied away from ensuring the overall coherence of global sustainable development. So far, the group has followed a traditional path of fossil-based, resource-intensive growth. It is therefore fair to say that the G20 has so far contributed little toward shaping a sustainable, inclusive and fair process of globalization.

This may now be changing, albeit in incremental steps. In response to ever more serious global threats, the G20 seems gradually to be striking a new balance between national interest and the global common good. At the 2015 Antalya Summit, leaders committed themselves to the 2030 Agenda as an overarching normative framework.
The subsequent Chinese presidency further underscored the significance of the SDGs with the adoption of the 2030 Action Plan at the Hangzhou Summit in September 2016 [Li and Zhou, 2016]. In a significant move, G20 leaders also expanded the mandate of the DWG, charging it with the dual purpose of coordinating all G20 activities on the SDGs while continuing work on more narrowly defined development issues. The new task embodies “supporting Sherpas to enhance policy coordination and coherence for sustainable development across relevant G20 tracks and work streams, facilitating the implementation of the Action Plan and reporting on [a] regular basis to G20 Sherpas” [G20, 2016, p. 17].

If leaders are really serious about this assignment, the status of the DWG must increase considerably and the scope of its work must be immensely widened. Ensuring G20 policy coherence across all work streams goes far beyond traditional development cooperation and must encompass two more profound dimensions, namely, the reshaping global regimes and regulatory frameworks and the domestic transformation of G20 members in keeping with the objectives of the 2030 Agenda. It is obvious that the current authority and power of the DWG is no match for such a momentous task. G20 leaders, through their sherpas, would need to assume direct responsibility for the process side by side with the DWG to guarantee success.

With respect to the 2030 Agenda, Berlin intends to build on the Hangzhou resolutions but still needs to identify a signature approach if it is to define a specifically German legacy. One possible step could be the introduction of peer reviews among G20 members. Establishing a systematic interface between policy and science to monitor SDG implementation could become another hallmark of Germany’s presidency.

The influential scientific German Advisory Council on Global Change [2016] has defined an ambitious catalogue of recommendations for the German government. The council takes the 2030 Agenda and the Paris Agreement on climate change as establishing a binding global policy framework that should guide the G20. With regard to climate stability, it calls for a complete decarbonization of G20 economies by 2050 and of the total world economy by 2070. The scientists also advocate the establishment of transformative sovereign wealth funds tasked with promoting socially responsible structural change. The necessary revenues for these “future funds” can be generated by taxes on carbon emissions, carbon trading and personal assets to enhance generational justice. The council explicitly understands its recommendations for shared sustainability and climate policies as the basis for a peace project paving the way for a new culture of global cooperation.

**New Partnership with Africa**

Chancellor Merkel has publicly announced that the G20’s engagement with Africa represents a key concern of her presidency. Thus, Germany follows in the footsteps of China, which had previously introduced the topic of “African industrialization” into the G20 debate. Until then, G20 leaders had shied away from a regional focus in their
work with developing countries. A major challenge for Germany will be to convince some reluctant G20 members that an Africa-centric approach will not evolve into a pledging exercise or run counter to G20 principles. The success of any strategic endeavour with Africa will critically depend on the involvement of relevant regional authorities at an early stage. A key player in this regard is the African Union (AU), which must be the main driver of the initiative and must also take full ownership. Berlin will have to meet the internal challenge of amalgamating the African projects of different ministries into a coherent concept with high impact potential.

The German development ministry launched the concept of a Marshall Plan for Africa, which is drawing considerable criticism within Germany and from African voices [Germany, Federal Ministry of Economic Cooperation and Development, undated; Koigi, 2016]. Some critics reject the idea on the grounds that it seems to stem from a desire to stem the flow of illegal migrants into Europe and Germany. Others question the extent to which the conditions for the original Marshall Plan match the current conditions in Africa. While American efforts after World War II aimed at rebuilding the shattered economies of Europe, sceptical observers remark that the intention in Africa’s case is not reconstruction but rather the laying of structural foundations for sustainable development such as education, agricultural productivity, inclusive industrialization and regional interconnectivity. In contrast to the scepticism expressed by some, African businessman Tony Elumelu [2016] clearly welcomes the German initiative in support of the private sector as “an end to the paternal and, at times, patronizing approach the developed world has taken towards Africans, by making them partners in the cause for change rather than just the receivers of their charity and good will.” But he also points out that efforts to improve the business climate in Africa need to be complemented by an opening of European markets for African goods and services. Similarly, Damtew Teferra [2016] of the University of KwaZulu-Natal in South Africa offers a positive interpretation of German intentions: “The call for an African Marshall Plan has been in the offing for some time now. But its consideration could not have come at a better time, when the world, led by the US, the United Kingdom, France, and others, is largely looking inwards, disengaging from global partnerships and multilateral diplomacy.”

Whatever the motives and purposes of Germany’s Africa initiative in the G20, African institutions such as the AU, the United Nations Economic Commission and the African Development Bank should determine the substance, priorities and process of engagement between the continent and the G20. Moreover, any activities proposed by the G20 should be placed into the context of existing plans for the continent, for example the Agenda 2063 [Fagbayibo, 2016], which encapsulates the African Union’s vision for an integrated, prosperous and peaceful Africa. To facilitate collaboration with the G20, the AU could revitalize the African Partnership Forum, which was established in 2003 to support dialogue with the G8 [Hayford and Kloke-Lesch, 2013]. The overarching objective of the German plan for a G20-Africa partnership should be to strengthen
Africa’s contribution to today’s global governance architecture and to promote sustainable development on the continent.

Germany could also use the presidency to begin a conversation with rising powers in the G20 about their respective programmes for Africa. Here the aim would be to foster a better mutual understanding of ongoing collaboration with the continent and to explore complementarities and synergies. Germany is, of course, very familiar with the development cooperation programmes of the European Union, the United States and Japan. All advanced members of the G20 are part of the OECD’s Development Assistance Committee, which provides a forum for extensive policy dialogue. The value of a German Africa initiative in the G20 would most of all lie in sharing experiences with the major non-traditional donors, including China, India and Brazil, which are very active on the continent.

Beijing is heavily engaged through the Forum on China-Africa Cooperation (FOCAC), which was established in 2000. At the 2015 FOCAC Summit in Johannesburg, China announced 10 major plans to boost cooperation with Africa in the coming three years [FOCAC, 2015]. The comprehensive package covers the fields of industrialization, agricultural modernization, infrastructure, financial services, green development, trade and investment facilitation, poverty reduction and public welfare, public health, people-to-people exchanges, and peace and security. The funding support for the program amounts to $60 billion, including $5 billion in grant aid and interest-free loans. In a significant way, China has begun to strengthen its ties with the AU, particularly in the areas of transport and infrastructure for industrialization, and now sends an ambassador to the AU. This is happening in addition to the expansion of bilateral cooperation with individual African states.

On a much smaller scale, India has set up a cooperation mechanism with the continent through the India-Africa Forum [India-Africa Forum Summit, 2015]. The third summit took place in October 2015 with the announcement of sizeable funds for joint activities. While also quite active on the continent, Brazil has not set up a formal platform with Africa. Reaching beyond the Africa-centred efforts, Germany could foster a process of mutual understanding and joint learning on the development cooperation programmes of G20 members.

**Dialogue between Old and “New” Donors**

An important area of engagement during the German presidency could be the encouragement of dialogue between traditional donors from the OECD and the increasingly important facilitators of South-South cooperation, most notably the “Big Four” states of Brazil, China, India and South Africa. Presently, Northern and Southern providers do not share a common platform to exchange experiences and learn from each other in the field of development cooperation. The Big Four do not participate in the Global Partnership for Effective Development Cooperation (GPEDC), established in 2012, because they perceive it as dominated by OECD countries notwithstanding
the fact that many developing countries are actively engaged [Klingebiel and Li, 2016]. Crucial Southern providers emphasize theirs is informed by principles of non-interference, solidarity and mutual gain compared to Northern aid. The frequently mentioned alternative to the GPEDC, the United Nations Development Cooperation Forum, lacks political backing and adequate funding.

Up to now, the G20 DWG has been reluctant to address the different philosophies and operational modalities of members. One reason for this may be the fear that insurmountable differences could pose serious stumbling blocks to the pursuit of a common agenda on a more abstract level. The lack of dialogue is particularly striking as the outlook and operational practices of North-South and South-South cooperation are increasingly converging, as Table 1 demonstrates.

Table 1: Convergence of North-South and South-South Development Cooperation

<table>
<thead>
<tr>
<th>Common characteristic</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual gain</td>
<td>Traditional donors shift toward Southern paradigm, emphasizing economic and geo-political self-interest</td>
</tr>
<tr>
<td>Development effectiveness</td>
<td>Traditional donors adopt Southern perspective at 2011 Busan High-Level Meeting, leaving aid effectiveness behind</td>
</tr>
<tr>
<td>New metrics</td>
<td>Traditional donors move beyond the concept of official development assistance; Southern providers search for a uniform definition of South-South development cooperation; global consensus in the context of 2030 Agenda for Sustainable Development seems possible</td>
</tr>
<tr>
<td>Specialized agencies</td>
<td>Southern providers build up institutional architecture at national level</td>
</tr>
<tr>
<td>Transparency</td>
<td>Southern providers establish comprehensive data systems</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>Southern providers adopt new modalities</td>
</tr>
<tr>
<td>Non-state actors</td>
<td>Southern providers introduce outreach mechanisms</td>
</tr>
<tr>
<td>Specialized knowledge</td>
<td>Southern providers strengthen capacities for development studies</td>
</tr>
<tr>
<td>International dialogue on sharing of experiences and common standards</td>
<td>Traditional donors favour Global Partnership for Effective Development Cooperation; Brazil, China, India and South Africa not willing to participate</td>
</tr>
</tbody>
</table>

Source: [Fues, 2015, p. 28].

In the light of the enormous challenges related to the 2030 Agenda, some observers think that the time has come for a change of course in the DWG. It is obvious that many low-income and developing countries need external support to implement the SDGs. The present state of non-cooperation and even non-communication among the main provider groups fosters distrust and rivalry. Optimal impact for the benefit of recipient countries can only be achieved if actors from both the North and South coordinate their programmes and search for complementarity and synergy.
For a rapprochement to occur, Northern and Southern providers will need to observe several ground rules. They should not attempt to measure or compare the different concepts, with regard to neither volume nor impact or quality, and must instead recognize and respect the diversity of Northern and Southern approaches without exerting pressure for adaptation and harmonization. In order to initiate a productive process, the DWG should address sectors without strong political undertones, such as health and education. Knowledge institutions and implementation agencies should become participants in the process of information sharing and mutual learning. This might eventually lead to a new quality of joint programs and trilateral cooperation.

Germany is generally considered to be a trusted partner in global development. The G20 presidency offers unique opportunities for the country to strengthen its leadership role in implementing the 2030 Agenda and promoting sustainable transformation. Therefore, the German presidency could concentrate on moving G20 efforts for SDG implementation to a new level, creating a new partnership with Africa and overcoming the mutual distrust of Northern and Southern providers. However, the ability of Germany to advance its G20 agenda in support the 2030 Agenda, Africa and international development cooperation will be significantly enhanced if the country tackles domestic challenges.

Overcoming Domestic Challenges in Germany

Germany’s authority and effectiveness in the G20 will depend to a large extent on progress made at home in the areas of comprehensive sustainability, Germany’s balance of payments surplus and the use of fiscal space.

**Transition toward Sustainable Development**

Germany’s moral leadership in defining the G20’s trajectory toward sustainable development will to a certain extent depend on the success of transformative strategies at home. Here, the picture is quite mixed and contradictory. While Germany prides itself on observing the paradigm of comprehensive sustainability, its track record leaves many questions unaddressed.

After the universal adoption of the 2030 Agenda at the United Nations General Assembly in September 2015, the German government produced an updated draft version of its national sustainability strategy. The chancellery continues to lead efforts in this field in order to underscore the overarching relevance of the issue for all policy areas. The new plan is closely aligned with the 17 SDGs and covers a broad selection of the respective targets. The number of indicators has been doubled compared to the previous version and international links have been considerably strengthened (see Table 2). The consultative process is scheduled to close by early 2017 when the strategy will be formally adopted.
Table 2: Indicators in Germany’s Sustainability Strategy with Explicit International Links

<table>
<thead>
<tr>
<th>Sustainable Development Goal</th>
<th>Topic</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 (water and sanitation)</td>
<td>Assistance to developing countries for water and sanitation</td>
<td>Number of people who gain access to water and sanitation as a result of German support</td>
</tr>
<tr>
<td>8 (inclusive, sustainable growth)</td>
<td>Sustainable value chains</td>
<td>Market share of members of the Textile Alliance</td>
</tr>
<tr>
<td>13 (climate)</td>
<td>International climate finance</td>
<td>German contribution to climate mitigation and adaptation</td>
</tr>
<tr>
<td>15 (terrestrial ecosystems)</td>
<td>Deforestation</td>
<td>German transfers to developing countries for REDD+ projects</td>
</tr>
<tr>
<td>16 (peace and security)</td>
<td>Disarmament</td>
<td>German projects for destruction of small weapons</td>
</tr>
<tr>
<td>17 (partnerships)</td>
<td>Development cooperation</td>
<td>Share of official development assistance to GNP</td>
</tr>
<tr>
<td>17 (partnerships)</td>
<td>Knowledge transfer</td>
<td>Number of students from developing countries in Germany in the fields of mathematics, engineering, natural sciences and technology</td>
</tr>
<tr>
<td>17 (partnerships)</td>
<td>Market access</td>
<td>German imports from developing countries</td>
</tr>
</tbody>
</table>

Source: [Federal Government of Germany, 2016].

This list of eight internationally oriented indicators is clearly an improvement on the previous version of the sustainability strategy, in number as well as in content. However, the draft table of indicators should be still understood as the first, rough approximation of a more comprehensive and detailed template. The final objective is to capture German contributions to global public goods as well as the direct support to developing countries.

Despite the noticeable changes in the strategy based on the 2030 Agenda, public criticism has been strong. The government’s own German Council for Sustainable Development [2016] has criticized the draft for its lack of specific targets for 2030. The council also finds fault with the fact that the 17 goals and 169 targets have been assigned to individual line ministries without an overall definition of the collective responsibilities of government as a whole. Missing is an overarching vision or common framework for all sections of the administration. Even more fundamentally, the council is of the opinion that the draft strategy does not substantiate the claim articulated in its title: “Transforming the World.”

With regard to the specifics of proposed indicators, the council offers a number of criticisms. Referring to development cooperation for SDG 6, it calls for broader metrics to assess the impact of German development cooperation in the areas of water and sanitation. On the issue of small weapons, it is of the opinion that the government should focus on German exports given the role Germany plays in the global market.
With regard to the substantive criticism levelled at the national sustainability strategy, it is hard to imagine how Germany could lead the G20’s implementation of the 2030 Agenda without a process of structural transformation at home. A credible approach would need to address critical gaps in areas such as social disparities, renewable energy, electro mobility, agriculture and, in a more systemic perspective, should include the introduction of a circular economy.

Regarding the G20 Africa initiative, Germany needs to address damaging policies of the European Union in areas such as agriculture and fisheries which are considered to be root causes of African migration to Europe [Nshimbi and Moyo, 2016]. At the international level, Germany is also subject to criticism because of persistent imbalances in its current account.

**Chronic Current Account Surplus**

A key cause of imbalances in the global economy is related to the external accounts of major economies. In most instances, countries with a significant current account deficit attract broad attention since they may be seen as having faulty policies. In contrast, countries with surpluses are more likely to be seen as successful, and their active trade balance is often attributed to superior competitiveness and sound macro management. This is certainly the claim put forward by the German government as officials explain the chronic surplus in the current account. Critical observers point to other contributing factors, such as the weakening exchange rate of the euro and wage increases below the growth rate of productivity. The increasingly uneven distribution of income and wealth alongside inadequate public expenditures are also blamed for imbalances in Germany’s current account since they depress domestic demand.

In 2015 the current account surplus for Germany amounted to 8.5% of gross domestic product, a figure significantly higher than in the previous year when the ratio stood at 7.3%. The renowned Munich-based Ifo Institute for Economic Research [2016] estimated that the surplus will climb to 8.9% in 2016. This would amount to a total value of €310 billion, making Germany’s surplus the largest in the world. The European Commission considers a persistent value of more than 6% to pose a risk to international economic stability to the extent that other countries have to incur debt in order to finance imports from Germany. Despite repeated rebukes, Brussels has taken no action against Berlin as of yet.

As a member of a currency union over which it has no monetary authority, Germany cannot be accused of currency manipulation. However, outside observers have nevertheless arrived at harsh conclusions. The International Monetary Fund [2016, p. 7] has found that Germany’s real exchange rate is undervalued by 10–20%, while the U.S. Treasury [2016, p. 6] has added the country to its monitoring list, assuming unfair currency practices. The treasury establishes a direct connection between the current account surplus and the fiscal space enjoyed by the German government: “This surplus represents substantial excess saving... Some of this saving could, at least in part,
be used to support German domestic demand while also reducing the current account surplus and contributing markedly to euro area and global rebalancing. In Treasury’s view, Germany continues to have substantial fiscal policy space to provide additional support to demand. It could also take steps to encourage private investment, which would support demand.” Germany’s clout during its G20 presidency will be influenced by the position the government takes on its current account situation. Only if Germany is seen as actively working to reduce the excessive surplus will other G20 members accept its leadership in addressing global imbalances.

Ample Fiscal Space

Contrary to the dire budget situation in most European countries, Germany records a substantial surplus in the public sector. All public entities together registered a positive value of €18.5 billion for the first half of 2016, equivalent to 1.2% of gross national product. Out of this, the federal government alone accounted for €9.7 billion. This will, no doubt, lead to a German surplus for the third year in row. The positive trend will continue, as evidenced by the fact that the federal budget is not scheduled to take on new debt until 2020, the end of the current financial plan. Not only the European Union but also the whole G20 urge Germany to become active with regard to fiscal expansion in order to stimulate growth in Europe and beyond.

Conclusion

Germany has opted for an ambitious agenda for its G20 presidency, which comes at a turbulent transitional phase in global politics. The country has both the material resources and the predisposition for cooperative multilateralism necessary to take the lead in recalibrating the G20’s identity toward a new balance between national interests and the global common good. Implementation of the 2030 Agenda and a new partnership with Africa can become an important part of the German legacy. This engagement should be complemented by the promotion of dialogue among providers of North-South and South-South development cooperation under the umbrella of the G20. However, German leadership can only be fully effective if the country moves decisively on domestic challenges. It needs to initiate the transformation of its economy on the basis of the 2030 Agenda and address the double surplus in the current account and the public budget.

In moving the G20 agenda forward, the German government has expressed a preference for close interaction with non-state actors. At a very early stage, the German sherpa entrusted the German Development Institute and the Kiel Institute for the World Economy to coordinate the international Think 20 (T20) process. Compared to previous years, the T20 is playing a stronger role in providing policy advice to leaders. The participating think tanks have set up nine task forces on topics ranging from migration and tax to the 2030 Agenda. These will produce concise policy recommendations
for sherpas. In addition, the inclusiveness of the German-led T20 will reach an unprecedented level through the Managing Global Governance Network. A wide range of knowledge institutions from Brazil, China, India, Indonesia, Mexico and South Africa have joined the process through this programme, funded by the German Ministry for Economic Cooperation and Development. The kickoff conference for the T20 and its task forces took place in Berlin between 30 November and 2 December 2016. Going beyond the T20 framework, the German government has signalled its determination to engage in serious dialogue with all the G20 engagement groups: business, labour, civil society, women, science and youth. G20 engagement groups in Germany have expressed their support for the government’s focus on the 2030 Agenda. They are also in favour of the Africa initiative, which is meant to become a centrepiece of the German presidency.

The interplay of domestic and external factors analyzed above will determine the degree of success for the German G20 presidency. Considering the limited time until the Hamburg Summit in early July and the highly contested nature of pending decisions it seems unlikely that Germany will be able to move the G20 beyond the reiteration of noble intentions. Transformative dynamics toward sustainable development will probably need to stay on the back burner until the increased severity of global challenges and systemic risks finally triggers effective action.

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Приоритизация вопросов устойчивого развития в деятельности «Группы двадцати»: возможности и вызовы для председательства Германии

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Для Германии будет непростой задачей оставить значимый след в ходе своего председательства в «Группе двадцати». Это связано не с политической волей, а скорее с результатом действия сдерживающих международных и национальных факторов. На международном уровне неопределенность, вызванная приходом к власти в США Дональда Трампа, фундаментально подрывает единство «Группы двадцати». Весьма вероятно, что до саммита в Гамбурге в начале июля 2017 г. лидеры стран «Группы двадцати» не смогут найти общий язык по важнейшим вопросам глобального экономического управления. С большей вероятностью можно ожидать торможения процессов и поляризации, нежели совместных действий. Если исходить из заявлений Трампа, его администрация будет в открытое противодействовать парадигме экономической глобализации и международного сотрудничества, которой следует «Группа двадцати». Кроме того, его поворот к России и антагонизм в отношении Китая могут негативно отразиться на традиционных альянсах, таких как «Группа семи» и БРИКС. Положение внутри самой Германии также неблагоприятно для канцлера Меркель. В то время как она и ее консервативная партия нацеливаются на победу на предстоящих национальных выборах, повышенное внимание привлекает укрепление позиций популистской правой партии. В условиях предвыборной кампании для Меркель будет невозможным пойти навстречу требованиям внешних акторов, касающимся наращивания бюджетных расходов и сокращения постоянного профицита счета текущих операций платежного баланса.

Несмотря на неблагоприятные условия, правительство Германии преисполнено решения усилить борьбу против протекционизма. Основываясь на результатах председательства Китая, Берлин также будет делать ставку на реализацию Целей устойчивого развития и построение особых отношений с Африкой. Остается открытым вопрос, сможет ли Германия достичь каких-либо значимых успехов с учетом нарастающих вызовов и проблем.

Ключевые слова: «Группа двадцати»; Германия; протекционизм; ЦУР; Африка


Литература


1 Статья поступила в редакцию в январе 2017 г.


FROM OVERCOMING ECONOMIC CRISIS TO BOOSTING GROWTH


