# 2019 IMPERIAL Springs International Forum

MULTILATERALISM AND SUSTAINABLE DEVELOPMENT

**Final Report** 













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### **VAIRA VIKE-FREIBERGA**

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## VAIRA VIKE-FREIBERGA

PRESIDENT OF WORLD LEADERSHIP ALLIANCE CLUB DE MADRID (2014-2019) AND PRESIDENT OF LATVIA (1999-2007)

he 2019 Imperial Springs International Forum (ISIF) celebrated the 70th Anniversary of the Founding of the People's Republic of China and the value of its achievements, reform and opening-up process since then. The Forum has focused on the impact of China's international relations and its leadership as a champion of multilateralism, economic growth and sustainable development, against the backdrop of a global order experiencing major flux. The current context, characterised by worrying tensions that are weakening our ability to make the existing system of global governance fit for purpose in the 21<sup>st</sup> century, requires a new narrative based on increasing cooperation and on putting sustainable development and people at the core of multilateral decisions. The results of these discussions are evidence of ISIF's growing relevance as a platform for reflection, dialogue and understanding between China and the rest of the world.

In this year's Forum, around 30 foreign leaders and a similar number of Chinese and international experts, scholars and representatives of international organisations, academia and business gathered at Imperial Springs to analyse the current challenges the world is facing from global governance to climate change, inequality, trade and technology as well as the international drivers for advancing in these areas. The participants highlighted our responsibility in prioritising the integration of the UN's 2030 Agenda in all the new initiatives we adopt to promote sustainable development, given that it offers a comprehensive roadmap that leaves no one behind. It was agreed that firmly establishing SDGs as our goal is the best available option on the table to ensure future projects meet the sustainability and development levels required to tackle upcoming global challenges.

Forum discussions underlined the significance of multilateralism and the need to pursue inclusive, rules-based global governance, emphasising the urgent need to reform transnational institutions and review the current conditions of world agreements. The international community needs to actively engage in reducing tensions and in developing a shared agenda for a stronger, more inclusive and effective international system that embodies the values and principles shared by all and which are none other than those at the core of the UN 2030 Agenda.

Climate change, human rights and global economic growth are mutual concerns of the numerous nation states we represent. The Forum stressed the need to adopt innovative policies that reflect joint endeavours to interconnect all states, thus contributing to the eradication of poverty and moving forward along a path to sustainable development that leaves no one behind.

These two days of profound reflection have helped us to identify new ways of work-

## WORRYING TENSIONS ARE WEAKENING OUR ABILITY TO MAKE THE EXISTING SYSTEM OF GLOBAL GOVERNANCE FIT FOR PURPOSE IN THE 21ST CENTURY.

ing together and to give a fresh outlook to multilateral cooperation. China, building on all the milestones it has achieved in the 70 years of the history of the People's Republic, is committed to pursuing these goals.

The unwavering vision, support and commitment to this sixth Imperial Springs International Forum provided by Dr Chau Chak Wing, Chair of the Asia-Pacific Region World Leadership Alliance - Club de Madrid President's Circle, has made this platform for open dialogue a realitu. I would also like to reiterate our thanks to Mr Li Xi for the warm hospitality we have been given in Guangdong province, to Ms Li Xiaolin and the Chinese People's Association for Friendship with Foreign Countries for their efforts to promote strong relations between China and our organisation, to the Chinese Ministry of Foreign Affairs for its support in bringing together foreign and Chinese participants, and to the dozens of



experts that have contributed to this year's discussions. Our special thanks go to the Vice President of the People's Republic of China, Mr Wang Qishan, for honouring us with his keynote address at Imperial Springs and, of course, to H.E. President Xi Jinping for receiving us in Beijing. Their engagement underscores the recognition attained by ISIF as a valued platform for prominent political leaders, expert practitioners and scholars from China and the rest of the world to undertake a constructive exchange of views on the pursuit of shared prosperity and a global order that will facilitate the development of a common destiny.

The international dialogue at the 2019 ISIF has been particularly special for me, as it

has been the last International Springs International Forum I have attended as President of the WLA-CdM. From now on, my fellow Member, Danilo Türk, the former President of Slovenia, will be taking my place. I am sure he will feel as honoured as I did when addressing so many people from different backarounds and different countries around the world who have made the effort to come to Guangzhou to share their experience, knowledge and hopes. I thank you all once again for enthusiastically and constructively engaging in this exchange, and for helping us make this year's Imperial Springs International Forum a meeting point to start and continue reflecting about how to build a better future.



# MADAM LI XIAOLIN

PRESIDENT OF THE CHINESE PEOPLE'S ASSOCIATION FOR FRIENDSHIP WITH FOREIGN COUNTRIES (CPAFFC)

o-hosted by the Australia China Friendship and Exchange Association, World Leadership Alliance -Club de Madrid, the Guangdong Provincial People's Government and the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), the 2019 Imperial Springs International Forum has become the ideal scenario for over 200 political leaders, members of business elites and experts to freely share wisdom on "Multilateralism and Sustainable Development", finally reaching the Imperial Springs Declaration. In Beijing, H.E. President Xi Jinping held a meeting with leading foreign participants, the third

of its kind since 2017. H.E. Vice President Wang Qishan attended the Forum's opening ceremony and gave a keynote speech for the second time. All of these initiatives demonstrated the major support from the Chinese government for the Forum and showcased its open-minded attitude in embracing the world.

2019 marked the 70th Anniversary of the Founding of the People's Republic of China. At a meeting in Beijing, President Xi briefed the audience on China's administration of state affairs and shared his views on the international situation. He stated that the world order is now at a critical crossroads, as it is facina a choice between multilateralism or unilateralism. Although the current international order is not perfect, it can be carefully maintained with reforms and improvement, instead of being scrapped altogether and started all over again. All countries need to shoulder their respective missions and responsibilities, engage in constructive dialogue, seek common ground while putting aside their differences, and adhere to multilateralism. Positive energy should be contributed by all to realising the grand goal of building a community with a shared future for mankind. Vice President Wang Qishan pointed out in his speech that multilateralism is an inevitable choice for human beings, and stated that China practices and champions multilateralism as well as benefiting from and promoting it. He referred to sustainable development as the golden key to opening up new practices in cooperating towards multilateralism.

Harmony and peace have been deeply valued by Chinese people since the time of Confucius. The CPAFFC has always remained true to its mission to safeguard world peace and promote common development which was es-

### **66** ALTHOUGH THE CURRENT INTERNATIONAL ORDER IS NOT PERFECT, IT CAN BE CAREFULLY MAINTAINED WITH REFORMS AND IMPROVEMENT,

tablished at its founding in 1954. However, harmony and peace can never be defined and achieved by any single country. Therefore, it is timely and of major importance for the world to switch its attention back to multilateralism and to make it a priority. Unilateralism is in essence hegemony, which can create the worst scenario for all countries. This is the case with sustainable development as it demands contributions and even sacrifices from all the members of international society. All in all, conversations in the spirit of multilateralism are fundamental and are key to the sustainable development of mankind.

2019 ISIF hosts, we feel it is our responsibility to convey the positive messages of the world's political and business leaders who attended the forum. These took shape in the Imperial Springs Forum Declaration, which called for the international community to actively defend multilateralism, support the United Nations in its core role in the multilateral system and take effective and ioint measures to strenathen global partnerships. In regards to sustainable development, we believe the 2030 Agenda for Sustainable Development has ushered in a new chapter for global cooperation and development.

Together with the other

In 2020, China will con-



tinue to strive to achieve the goal of building a moderately prosperous society in all aspects and the United Nations will be commemorating its 75th anniversary. In the next 10 years, I wonder what kind of a world we can build. Will we be able to expand mankind's potential even further, jointly eliminating poverty and hunger, combatting climate change, epidemics and other crises, promoting common development and safeguarding world peace? Or will we continue to put our own interests above others, stringing together man-made disasters and global panic one after another? The 2020 ISIF is looking forward to welcoming guests from different countries to conduct in-depth discussions and contribute their thoughts and formulas on topics such as the UN development agenda and the wellbeing of mankind.

Lastly, let me express my sincere thanks to the other host organisations for your unremitting efforts in making the Forum a resounding success over the past few years. In 2020, the CPAFFC will be working even closer with you all. I look forward to seeing you all at the 2020 ISIF in China!

## SECRETARY OF THE CPC PROVINCIAL COMMITTEE OF GUANGDONG

t gives me great pleasure to gather together with you today in the beautiful city of Conghua for the 2019 Imperial Springs International Forum to meet friends, old and new. On behalf of the CPC Provincial Committee of Guangdong, and the People's Government of Guangdong, I would like to extend my warmest welcome and my congratulations on the celebration of the 2019 Imperial Springs International Forum.

This year marks the 70th Anniversary of the Founding of the People's Republic of China. President Xi Jinping said that "China's yesterday had been inscribed in human history, China's today is being created in the hands of hundreds of millions of Chinese people, and China will surely have an even brighter future." In the past seven decades, since the founding of the PRC, significant changes have taken place in Guangdong. The province is now China's largest economy. In 2018, provincial GDP reached 9.73 trillion RMB, and it has led the nation's ranking for 30 consecutive years. After 6.4% growth in the year's first three quarters, GDP is expected to exceed 10 trillion RMB by the end of 2019. The development achievements of Guangdong amply prove the strong political advantages of the Communist Party of China's leadership and the vitality of the Chinese socialist system.

Under the robust leadership of the CPC Central Committee, with Comrade Xi Jinping at its core, and under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, Guangdong

## **IT IS IMPERATIVE THAT WE ADDRESS THE COMMON DEVELOPMENT CHALLENGES FACED BY ALL COUNTRIES THROUGH EXTENSIVE CONSULTATION, JOINT CONTRIBUTIONS AND SHARED BENEFITS FOR ALL.**

has entered a new development era since the 18th CPC National Congress. We have earnestly implemented the important speech and instructions delivered by General Secretary Xi Jinping to Guangdong, embarking on reform and opening-up, and we have worked hard to achieve the "four leading positions" and serve as the "two important windows". We are promoting the development of the Guangdong-Hong Kong-Macao Greater Bay Area, supporting the construction of the Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics, and making Guangzhou a new dynamic city with history and tradition. We are now building the three free-trade zones of Nansha, Zhuhai and Hengqin to participate in the Belt and Road initiative and speed up the construction of a new open economy system so that we can further open our doors onto the world.

Ladies and gentlemen, the world today is facing unprecedented changes, and the global economy is at a crossroads. It is imperative that we maintain our strategic net advantages and address the common development challenges faced by all countries through extensive consultation, joint contributions and shared benefits for all, treating each other as equals and promoting win-win cooperation scenarios. The theme of this year's Forum, "Multilateralism and Sustainable Development", is in keeping with the historical trend of economic globalisation and dovetails with the common expectations of people from all countries. Everything Guangdong is striving for is also closely related to the general trend of multilateralism.

Ladies and gentlemen, dear friends, in the history of human society's development, there have always been wise men, at every critical juncture, who spoke up to clear the mist and correct the course of mankind. The dianitaries here are all former heads of state and former leaders of international organisations who have major influence in the world. We eagerly look forward to your insight and wisdom, and your rational, intelligent and sincere voices to further convey the common vision of openness and inclusiveness, to further uphold and develop multilateralism, and to further promote exchanges and cooperation around the world. As an important gateway to China's reforms and openingup, Guangdong sincerely welcomes you to visit, start and invest in business and trade here. We are committed to providing a firstclass legal business environment and quality services, and to working together with you to create a better future.

I hope this forum is a great success. I wish you all excellent health and all the best. Thank you, ladies and gentlemen.

# CHAU CHAK WING

PRESIDENT OF THE AUSTRALIA CHINA FRIENDSHIP AND EXCHANGE ASSOCIATION CHAIR OF THE ASIA-PACIFIC REGION WORLD LEADERSHIP ALLIANCE CLUB DE MADRID PRESIDENT'S CIRCLE FOUNDER AND CHAIRMAN OF THE KINGOLD GROUP

ood morning. Early winter is the best season of the year in Guangzhou, with flowers blossoming all over the city. Imperial Springs is delighted to have gathered friends here from across the world today. First of all, please put your hands together for his excellency, Vice President Wang Qishan, to thank him for coming to the 2019 Imperial Springs International Forum.

Thank you, your excellency, for your eloquent speech. I'm sure it has been a huge inspiration for all of us. At the same time, on behalf of our co-organiser, the Australia China Friendship and Exchange Association, and our host, the Kingold Group, I would like to extend my warmest welcome to all our old and new friends.

This year marks the 70th Anniversary of the Founding of the People's Republic of China. In this new era, China has many important events and key development plans in the pipeline, including the development of the Guangdong-Hong Kong-Macau Greater Bay Area, the Shenzhen Pilot Demonstration Area of Socialism with Chinese Characteristics, and the Guangzhou New Dynamism, among other solu-



tions and initiatives. I'm sure that Guangdong will once again become a world benchmark under the leadership of Secretary Li Xi and Governor Ma Xingrui and it will definitely be writing a new chapter in its history and creating new momentum for development.

Many countries are feeling pressure and concern in the light of the current impact of unilateralism. However, the voice of the international community supporting multilateralism remains the dominant force. The theme of the 2019 Imperial Springs International Forum is Multilateralism and Sustainable Development. This is a most timely, highly relevant topic. I hope that in the charming Imperial Springs resort, our distinguished guests will conduct exchanges around the topic, and share their perspectives leading to initiatives guided by reflection and a future inspired by wisdom.

It is a huge pleasure to gather with all of you together here today, and to join forces for a brighter future. I would hereby like to extend my heartfelt appreciation to various Chinese governmental ministries and departments.

## **FGC** THE VOICE OF THE INTERNATIONAL COMMUNITY SUPPORTING MULTILATERALISM REMAINS THE DOMINANT FORCE.

I would also like to thank the international community, academia and the business community for their long-term support for the Imperial Springs International Forum.

I hereby announce the conclusion of the opening ceremony of the 2019 Imperial Springs International Forum and hope it will be a resounding success.

Thank you, ladies and gentlemen.



# 02 FOREWORD

"The international community must actively defend multilateralism, support the United Nations and its central role in the multilateral system, and take effective joint measures to enhance and strengthen global partnerships". This is one of the key messages emanating from the 2019 Imperial Springs International Forum, held in Imperial Springs in Conghua, in the Chinese province of Guangdong, on 1 and 2 December 2019.



### **66** THE UNITED NATIONS 2030 AGENDA PORTRAYS THE BENEFITS THAT MULTISTAKEHOLDERISM AND MULTILATERALISM CAN BRING TO SOCIETIES.

he Imperial Springs International Forum opened its doors, once again, to welcome 27 international dignitaries and 37 Chinese and international business and political leaders to discuss the future of multilateralism and sustainable development in the context of 70 years of Chinese diplomacy and the 2030 Agenda.

Over a period of two days, participants had the opportunity to analyse some of the key challenges and new developments facing the world at the end of 2019. Of special relevance were the future of multilateralism; the state of the 2030 Agenda for Sustainable Development; global efforts to combat climate change; and the role of global cooperation in building a shared future, in line with the United Nations Secretary General's call marking the organisation's 75th anniversary. Discussions also centred on Chinese diplomacy, its evolution over the past 70 years and its current role as a driver for international economic development.

Discussions were consolidated in the Forum´s Final Statement, a document that participating foreign dignitaries presented to President Xi Jinping in Beijing after the event. At the end of 2019, the international community was facing mounting concern over global policy generated by growing social, economic and political challenges at national level, and aggravated by increasing interdependence between states. These required urgent global action.

The Sustainable Development Goals (SDGs) claim unprecedented scope and significance in addressing these concerns, covering virtually all dimensions of development. The universally adopted United Nations 2030 Agenda has become the broadest, most complex global commitment ever and portrays the benefits that multistakeholderism and multilateralism can bring to societies.

The 13th Five-Year Plan, approved by the Chinese National People's Congress in 2016, highlighted both the then recently approved 2030 Agenda and the construction of a new type of international framework. Since then, the world has seen China's growing presence as a driver of economic development internationally and as a bridge between low-middle and high-income countries. In the plenary session, I analysed China's recent decisions in the multilateral sphere against the



backdrop of its diplomatic relations over the last seventy years.

The participants in breakout session A addressed the current state and future of multilateralism. In 2019, trust in traditional institutions for multilateral cooperation was running low and alternative approaches to tackling global challenges, from opaque bilateral negotiations to non-governmental engagements, had been gaining in popularity. This session addressed alternative strategies to multilateralism embraced in the past and assessed their efficiency and impact on today's world.

Nations operate in a global setting. Their economies and societies are connected, and the international industrial chain has brought the world closer together. Issues such as global change, the expansion of cyberspace, the development of ID technologies and Artificial Intelligence, terrorism, and the control of epidemics, are problems that affect us all and require global and coordinated action.

Although multilateralism has brought peace and prosperity for many nations in the past, there is already evidence of its deterioration. The discontent of citizens and their increased pressure on internal politics are paving the path for populist recipes that clash with multilateral approaches. Explaining the benefits of multilateralism is a challenging task, requiring courageous leadership and committed funding.

Multilateralism has proved to be irreplaceable in tackling global threats and





there do not appear to be many alternatives. However, the system needs reforms that reflect contemporary realities and respond to the specific challenges that societies are facing. In these processes, respectful dialogue is a key tool to develop strong ties to find global solutions rather than pulling back to isolationist approaches. Cooperation between China and the USA is key to the future of multilateralism. Both nations have benefited from dialogue since the normalisation of their relationship 40 years ago.

Breakout session B analysed the 2030 Agenda as a driver of renewed multilateralism. Participants shared ideas on how to meet 2030 Agenda commitments



in a way that will further the multilateral strategy necessary to achieve the Sustainable Development Goals.

The 2030 Agenda is the only universal reference which gives direction to our common future. Compliance with the SDGs requires meaningful transformation of international cooperation be66

MULTILATERALISM NEEDS REFORMS THAT REFLECT CONTEMPORARY REALITIES AND RESPOND TO THE SPECIFIC CHALLENGES THAT SOCIETIES ARE FACING

tween countries and organisations and an effective global partnership for sustainable development given that one of the key problems for its implementation is financing.

The 2030 Agenda needs clear accountability mechanisms that can assess the impact of national policies. China's achievements in terms of the 2030 Agenda can inspire other nations. The world should not underestimate the power of citizens and the private sector in pushing the Agenda further. Public and private coalitions and partnerships are key for the emergence of a new generation of multilateralism and new economic models.

The role of women and youth is vital for comprehensive implementation of the Agenda and the revitalisation of multilat-

### **66** WE NEED TO TAKE EVEN GREATER COMMITMENTS TO REACH NET-ZERO EMISSIONS BY 2050 AND TO CONSIDER THE NECESSARY POLICIES FOR ECOLOGICAL TRANSITION AS AN INVESTMENT FOR THE FUTURE.

eralism. The international community needs to invest in people and future generations for them to play a role in constructing a world of peace and understanding.

The Forum's breakout session C focused on climate change and multilateralism. The 2015 Paris Agreement constituted a major breakthrough in multilateral efforts to address the challenae of climate change. It reflected not only the sense of urgency but also the commitment of a vast majority of the countries around the world in joining forces to address the root causes of this threat and work to reduce greenhouse gas emissions and strengthen mitigation efforts over time. This session addressed the synergies between these global commitments and multilateralism, as well as the main measures taken bu countries to promote the Paris Agreement.

Climate change is a global, transversal challenge that needs to be tackled through international cooperation and adaptation. All the world's stakeholders must become involved in the process. Governments need to partner with the private sector to produce alternative, renewable forms of energy and facilitate investment incentives.

Participants underlined the need to take even areater commitments to reach net-zero emissions by 2050, and to consider the necessary policies for ecological transition not as a cost, but instead as an investment for the future. In this regard, there has been commendable progress in countries such as China. The country is promoting new technologies to limit carbon emissions within the Chinese Belt and Road Initiative and is working alonaside Africa and Latin America

with hydraulic plants, and solar and wind energy.

Despite their vulnerability, the world's least developed, small countries with large coastal areas are also key players in the fight against climate change. The 2030 Agenda constitutes an excellent opportunity to build a sustainable economic model for them as long as global governance supports financial mechanisms. technological transformations, a fair approach to the Paris Aareement and a new type of economic and social development.

Participants also highlighted the critical need to strengthen and accelerate the global multilateral framework provided by the Agreement, and other multilateral and regional accords.

Breakout session D addressed global governance in a context of rapid



transformation. The world is undergoing a process of structural change in economic, technological, cultural, and institutional dimensions. The interweaving and impact of these changing factors have shaken the development of global governance.

On one hand, the changes taking place on the international stage are questioning the resilience and adequacy of the liberal order in the global debate. On the other, the rise of populism and nationalism are weakening common understandings of the global order and accelerating the need for adequate global governance in the current reality. In particular, the numerous challenges arising today such as the gap between the rich and the poor, the fight for gender equality, terrorism and the fight against climate change require a courageous vision that can support a sustainable model of global governance.

To this end, it is fundamental to push for inclusive economic growth. Cooperation between international institutions and the United Nations framework needs to be strengthened as it provides more efficient responses in the detection, prevention and mitigation of crises.

Global governance should address artificial intelligence as it has increasingly become a challenge that has arisen in our economies, politics and societies. Participants underlined the need to focus on its impacts on global governance and its influence on these three key areas: labour market automation, rules-based international order, and geopolitical competition regarding 5G, big data, computing, robotics and biotechnology. In this regard, it is hoped that the UN will facilitate a balance between our privacy and our technological efficiency, given that we need to leverage technology whilst safeguarding human rights.

Finally, global governance should integrate the media in its transformation process. This can be an important driving force for global economy and development and can act as a game-changer, providing new ideas, concepts, and ways for global governance.



# 03 MEETING WITH PRESIDENT XI JINPING

To mark the 70th Anniversary of the Founding of the People's Republic of China, international leaders from across the globe were given the privilege of meeting President Xi Jinping following the 2019 Imperial Springs International Forum to share the conclusions of their deliberations. Firstly, President Xi explained China's ways of administering state affairs and ensuring national stability, as well as its perspectives on the current international situation. o mark the 70th Anniversary of the Founding of the People's Republic of China, international leaders from across the globe were given the privilege of meeting President Xi Jinping following the 2019 Imperial Springs International Forum to share the conclusions of their deliberations. Firstly, President Xi explained China's ways of administering state affairs and ensuring national stability, as well as its perspectives on the current international situation.

President Xi highlighted China's major development achievements over the 70

years since the founding of the People's Republic and stressed that China will continue to adhere to reforms, to opening its doors, and to reaching its "two centenary goals" on schedule. In this sense, Xi highlighted the path of socialism with Chinese characteristics as the fundamental reason why the People's Republic of China has achieved continuous development and stability since then.

After acknowledging the current challenges global governance is facing, he reaffirmed China's resolute stance on upholding multilateralism.

**66** THE CURRENT INTERNATIONAL ORDER IS NOT PERFECT, BUT IT DOESN'T NEED TO BE DESTROYED COMPLETELY TO BUILD A NEW ONE. IT NEEDS TO BE REFORMED AND IMPROVED"



In this sense, President Xi emphasised that China has always respected the development path of other countries and added that China aims to strengthen mutual understanding with other nations to reach common prosperity. China is determined to prove with its own practices that a strong nation is not necessarily a hegemony, and this is decided, first and foremost, by China's 5,000-year history and its cultural tradition, which advocate the ideal of "pursuing a just cause for the common aood", stated President Xi. As the international order is now at a critical crossroads. in which the world is facing a choice between either multilateralism or unilateralism. Xi called on all nations to shoulder their responsibilities, initiate constructive dialogue, and uphold the principle of seeking common ground while enabling the existence of differences and the contribution of more positive energy to building a community with a shared future for mankind.

The foreign delegates, including Vaira Vike-Freiberga, the former President of Latvia, Benjamin William Mkapa, the former President of Tanzania, the former Japanese Prime Minister, Yukio Hatoyama, and Danilo Türk, the former President of Slovenia, spoke highly of China's development achievements and voiced their

### **GG** WE ARE ALSO WILLING TO SHOULDER OUR INTERNATIONAL OBLIGATIONS AND RESPONSIBILITIES"

appreciation of its important contribution to safeguarding world peace and promoting sustainable development. They all expressed the hope that China will continue to play a key leading role in tackling global challenges, including climate change. In this regard, international leaders shared their thoughts with President Xi in stating that the world needs to uphold multilateralism, improve global governance, and build a fairer, more diverse international order. The foreign delegates also pledged to work jointly with China to build the Belt and Road initiative, as well as new international relations based on mutual respect and win-win cooperation.

## 66

AS A BIG NATION WITH A POPULATION OF NEARLY 1.4 BILLION, CHINA CAN MAKE THE BIGGEST CONTRIBUTION TO HUMAN SOCIETY BY RUNNING ITS OWN AFFAIRS WELL"



# 04 FINAL STATEMENT

The 2019 Imperial Springs International Forum, jointly organised by the Australia China Friendship and Exchange Association, the Chinese People's Association for Friendship with Foreign Countries, the People's Government of Guangdong Province and the World Leadership Alliance - Club de Madrid, was held at the Imperial Springs International Conference Centre, Guangzhou, China, from 1 to 2 December 2019.



Qishan of the People's Republic of China attended and addressed the Forum, underscoring its theme of Multilateralism and Sustainable Development.

During the one-and-a-halfday event, participating guests from various countries exchanged views and reached a broad consensus on the following points:

**1.** Congratulating China on the 70th Anniversary of the Founding of the People's Republic of China and the significant achievements made by China and the Chinese people in this period.

- 2. Many of the challenges that humans are facing are global and increasingly interrelated. The international community should actively defend multilateralism, support the United Nations and its central role in the multilateral system and take effective joint measures to enhance and strengthen global partnerships. As a staunch supporter of global partnerships and multilateralism, China launched the Belt and Road Initiative (BRI) in 2013 as a cooperative arrangement to advance infrastructure and enhance global interconnectivity around the world, and it is increasingly proposing this as a means of jointly addressing global challenges, promoting common development and contributing to building a community with a shared future for mankind.
- **3.** The 2030 Agenda for Sustainable Development opened a new chapter of global cooperation and development. All countries and stakeholders have set poverty eradication, the elimination of hunger, the provision of quality education and urgent, coordinated climate action as priorities. We value China's decision to adopt sustainable development as its core national policy and to comprehensively and thoroughly implement the 2030 Agenda.
- The international order is at a critical turning point. Practical action to ensure an inclusive and interactive system of global governance, and to promote peace and security and advance development and balanced prosperity, is urgently needed. Our multilateral structures and systems need to be reformed to restore an international order that is better fit for purpose in today's circumstances, is able to promote economic growth, reduce poverty and inequality, and ensure global security. The international order must clarify the values and norms that will enable our coexistence while respecting our cultural differences; strengthen the observance of international law; improve the quality of global governance and the effectiveness and legitimacy of its institutions and develop improved interconnectivity, based on 21<sup>st</sup> century technology, while respecting the ethical foundations of universal humanity.
- 5. We appeal to all national governments, parliaments, civil society and citizens across the globe to engage in the dialogue and exchanges that will be undertaken through the UN@75 initiative and enthusiastically support the UN Secretariat in setting up an Open Working Group to boost the implementation and results of UN@75. This is especially relevant as they serve to enhance multilateralism and global cooperation, move towards a renewed international order and contribute to building and securing 'The Future We Want'.

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# 05 **KEYNOTE SPEECH OF** THE VICE **PRESIDENT OF** THE PEOPLE'S **REPUBLIC OF** CHINA, WANG QISHAN



t gives me great pleasure to join you at the 2019 Imperial Springs International Forum, with Multilateralism and Sustainable Development as its theme. The Forum is highly relevant as it addresses the shared concerns of the international community. After two world wars in the first half of the 20<sup>th</sup> century, people's main desire was to live in peace, as opposed to the scourge of war. In the 1950s and 1960s, national independence movements weighed in heavily as people living in colonies rose up against oppression and hegemony. Following the end of the Cold War, economic globalisation picked up speed. Greater cooperation and common development became the shared aspiration of countries around the world. In this age of peace and development, multilateralism is the natural choice of humanity.

The past 70-odd years have witnessed continued progress in productivity and liv-

ing standards, growing interdependence between countries as well as new global issues. Extensive cooperation between governments and non-government players and the establishment of different levels of multilateral institutions have made multilateralism a highly productive process, with the purposes and principles of the UN Charter at its core.

We meet at a time of profound change in the global political and economic scenario. The new round of the industrial and technological revolution is making great strides. Diverse interests and thinking have become more pronounced. The common challenges facing mankind are ever more daunting. And the international government system needs to reflect the realities of our times.

In recent years, there have been some setbacks to economic globalisation, with the

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IN RECENT YEARS, THERE HAVE BEEN SOME SETBACKS TO ECONOMIC GLOBALISATION, WITH THE RISE OF UNILATERALISM, PROTECTIONISM AND POPULISM, WHICH HAVE FUNDAMENTALLY IMPACTED THE CONCEPT AND ORDER OF MULTILATERALISM.

rise of unilateralism, protectionism and populism, which have fundamentally impacted the concept and order of multilateralism. Whether the world should choose integration or separation, cooperation or dispute, is a question that deserves a rational answer.

Dear guests, China practices and upholds multinationalism. We were the first country to sign the UN Charter. Though shut out of the UN for 22 years, the new China has never wavered in its commitment to the purposes and the principles of the UN Charter. After spending 15 years on negotiations to join the WTO, China has fulfilled all of its promises, thanks to enormous efforts, while abiding by WTO rules.

Since the outbreak of the international financial crisis in 2008, China and other G20 members have worked together and made major contributions to the world's economic recoveru and arowth. China is a participant in most intergovernmental and international organisations, a state party in over 500 international conventions, the second laraest financial contributor to UN membership and peacekeeping funds, and also the largest contributor of peacekeeping forces out of the Security Council's permanent members.

China is the beneficiary and facilitator of multilateralism. By integrating itself into the world, China has grown into the world's second largest economy and the largest trading nation in terms of goods. We have taken the initiative to open up world markets and have advocated Belt and Road cooperation to share China's development opportunities with the world. China is committed to peaceful development and multilateralism and seeks an enabling environment for its own development which will deliver benefits to the entire world. China's development is not about replacing anyone or seeking expansion or hegemony. Instead, we pursue a global governance philosophy featuring consultation and cooperation for shared benefits and greater democracy in international relations.

China stands for a new type of international relations and community with a shared future for mankind, which is based on the traditional Chinese philosophy of pursuing the common good and harmony without uniformity. In order to build a more prosperous and beautiful world for us all, we aim to focus on win-win cooperation and pursuing fairness and justice through effective actions on the basis of international rules and via multilateral institutions. What China advocates meets the core needs of our times and represents China's proposal and contribution to the reform and development of the international governance system in the new era.

Dear guests, humanity has but one planet. Sustainable development is vital for peoples' well-being and the future of mankind. It represents the shared aspirations of most countries in the world and the key to unlocking new potential in multilateral cooperation. China has made sustainable development its national strategy, and is committed to innovative, coordinated, areen, open and shared development. It strikes a balance between economic growth, social development and environmental protection, fostering a way of development and living that is greener and environmentally friendly. We are working towards high-quality economic growth and fully implementing the 2030 Agenda for Sustainable Development by linking it to Belt and Road cooperation. We participate actively in international cooperation

on climate change and we played a leading role in reaching the Paris Agreement. China is ready to work with the international community to explore a brand-new path of sustainable development.

To build an open, shared world economy, China will continue to further open up to the outside world, firmly upholding the multilateral trading system, and promoting innovative development in multilateral cooperation platforms within the alobal economy. We will be working with other countries to construct an open, cooperative, innovative and shared world economy. This includes building an inclusive society where everyone can pursue happiness. China will be doing more to ensure equity while promoting efficiency, addressing uneven and inadequate development, continuing to improve people's living standards, resolutely combatting poverty, and giving people a stronger sense of fulfilment. China will continue to increase exchanges and cooperation with other countries to reduce poverty and education, health and social governance inequalities so that all countries can benefit from China's development. We aim to build a beautiful home where men and nature co-exist in harmony.

China will never sacrifice its environment to achieve development. We are working vigorously on ecological conservation and are determined to win the battle to ensure air, water and soil quality because we believe that clean water and lush mountains are invaluable assets. China will comply with its international obligations to address climate change and preserve biological diversity, working with all countries for a beautiful planet we all call home.

In conclusion, I wish the Forum outstanding success, thank you.




# 06 BACKGROUND DOCUMENTS



# 06.01 DAI XIANGLONG

FORMER GOVERNOR OF THE PEOPLE'S BANK OF CHINA FORMER MAYOR OF TIANJIN

Dai Xianglong graduated from the Central University of Finance and Economics and is a researcher and doctoral supervisor. He served as the Vice President of the Agricultural Bank of China, was the General Manager and Deputy Chairman of the Bank of Communications, Party Secretary and Chairman of the China Pacific insurance company. He served as the Deputy Party Secretary and Mayor of the city of Tianjin, and as the Party Committee Secretary of the National Council for the Social Security Fund.

# Multilateralism and Sustainable Development

#### MULTILATERALISM AND GLOBAL GOVERNANCE

Multilateralism refers to the modes of interaction between three or more countries. It is a wide-ranging concept that reflects the diversified cognisance and inclusive approach of countries concerned with political, economic and cultural affairs.

Over recent years, multilateralism has again come to the forefront of global attention. This is due to the fact that after Donald Trump took office as the U.S. President, he insisted on the "America First" policy in handling inter-country relations, challenging the WTO rules, waging trade wars by raising tariffs and pulling out from a series of international and regional compacts such as the Paris Agreement, which is an important joint response to counter the threat of global warming. These moves have disrupted global trade. In the light of the ensuing chaos, many countries championed multilateralism, opposing Mr Trump's unilateralism and his "America First" policy.

The World Trade Organization, established 25 years ago, has set the rules for modulating the interests of different countries in order to benefit advances in world trade. The global champions of multilateralism maintain that the core WTO rules should continue to be upheld though with necessary reforms. However, unilateralists like President Trump, with their eyes firmly fixed on their own countries' interests, have openly criticised them.

Economic globalisation, which promotes the free movement of commodities, capital, technologies and human resources. has effectively allocated production factors around the world. This, in turn, drives global development and expands global wealth, constituting the positive elements of this phenomenon. However, the uneven distribution of the gains obtained from economic globalisation from one country to another and between the different social strata within each country has led to many conflicts. Therefore, in order to improve the global governance structure, we must minimise the negative impacts of economic globalisation.

The Chinese Government sustains that the basic WTO rules should be upheld but also sees a need for them to be revised. At the G20 Summit in 2018, China suggested that necessary reforms should be carried out in the WTO. In June 2018, the Chinese Government published a white paper entitled China and the World Trade Organization, which put forward three key principles for reforming the WTO. The first was to uphold the core principles of multilateral trade including non-discrimination and openness. The second was to safeguard the



development rights and interests of developing countries, helping them accomplish the 2030 Sustainable Development Goals (SDGs), and the third was to abide by the decision-making process of reaching consensus based on consultation. In the process of advancing WTO reform, two issues have attracted global attention.

The first one is about the designation of "developing country" status. The rules of the WTO include a mention to "special and differential treatment". Countries around the world are divided into developed countries, emeraina economies, and developina countries based on their social and economic status. Economic aggregate is an important criterion in this categorisation. At present, President Trump seeks to remove China and some other countries from the developing country group list primarily because China's GDP has become the second highest in the world. This conclusion makes no sense and Trump's proposal has been opposed by China and many other countries. This designation of status cannot solely be decided by an economic aggregate. Per capita GDP and different social development indices should also be weighed in and considered. It is per capita GDP, rather than the economic aggregate, that determines the wellbeing of each individual. China's economy may have grown into the second in the world, but with a total population of more than 1.3 billion, the per capita GDP of China is only around USD 9,000, still trailing far behind the global average of USD 11,000. China's per capita GDP is only onesixth of that of the United States. This gap makes it extremely unreasonable to assign China "developed country" status on a par with the United States. Though China still regards itself as a developing country, it has already honoured many international obligations commensurate with its economic aggregate, including gradually lowering tariffs, and cutting and even removing subsidies for some export products. China's tariff rate has been slashed to 7.5%, a figure which is very close to that of developed countries.

The second issue is about China's status as a market economu. Up to now, the U.S. and the European Union have not accepted China as a market economy, which I believe is guite unfair. Over the past 40 years of reform and opening-up, the positioning of the market economy in China has gone through several stages. It was first defined as a "planned market economy", then it was described as "the market playing an important role" in the allocation of resources. After 2012, the market was further elevated into "playing a decisive role" in resource allocation while the government played its own part. From the perspectives of an economic system, economic governance regime and governance practices, China has become a market economy with socialist characteristics. The same can also be said in the reform and development of China's financial industry. Twenty years ago, the assets of state-owned commercial banks accounted for over 80% of all bank assets. Around ten years ago, the commercial banks exclusively owned by the State started to be changed into stockholding concerns and went public. By the end of 2018, the total asset share of the five major national state-owned commercial banks in the banking sector had been scaled down to 37%. The interest rate was also liberalised through market-oriented reforms. China's Central Bank no longer placed restrictions on the fluctuations of interest rates on the loans issued by commercial banks. In 1994, the Chinese government incorporated official foreign exchange rates and market foreign exchange rates and adopted managed floating exchange rates. In 2005, it was decided to adopt a

### **FROM THE PERSPECTIVES OF AN ECONOMIC SYSTEM, ECONOMIC GOVERNANCE REGIME AND GOVERNANCE PRACTICES, CHINA HAS BECOME A MARKET ECONOMY WITH SOCIALIST CHARACTERISTICS.**

regulated formation mechanism whereby the exchange rate was determined according to market supply and demand with reference to a group of currencies. The range of daily fluctuations of the RMB exchange rate today is around 2%. The formation mechanisms of RMB interest rates and foreign exchange rates are the top benchmarks in assessing whether or not a country is a market economy. China's SOEs now contribute less than 30% to the nation's GDP growth, and they are also undergoing mixed-ownership structural reform, through which their deficiencies have gradually been ironed out. As such, China should be given market economy status.

Improving international financial governance figures prominently in global governance reform. In his speech at the G20 Summit in 2018, President Xi Jinping put forward several sound, highly feasible suggestions in this regard, such as promoting a more diversified, rational global currency regime; stepping up coordination of international currency-issuing countries' fiscal and monetary policies, with special focus on reducing the negative implications of U.S. fiscal and monetary policies on other countries to better ensure global financial stability; increasing the representation of developing countries in international financial institutions, giving them a greater say in resolving major international financial issues; enhancing coordination between major countries, to shore up the strength of international currencies, and improving their operations, so as to better ward off and defuse international financial crises.

#### MAIN DRIVERS FOR GLOBAL SUSTAINABLE DEVELOPMENT

The 2030 Agenda established 17 Sustainable Development Goals (SDGs) and 169 targets for global social development. The 17 SDGs can be divided into four groups. The first is about eradicating poverty and hunger; the second is about economic growth and employment; the third is about dealing with climate change and environmental protection, and the fourth is about global social institution-building. The 2030 Agenda was adopted by the UN in 2015, and it is a fine document mirroring the common interests of the global community. The Chinese government echoed this initiative by formulating the corresponding documents at home. In particular, China has made an extraordinary contribution to reducing the size of the global poverty-stricken population and increasing global greenery.

China's poverty-stricken population, once more than 770 million at its peak, was reduced to 14 million by the end of 2018, and the remaining impoverished are on track to all be lifted out of poverty by 2020. To fully implement the 2030 Agenda, countries and people around the world must adhere to multilateralism, especially the G20 countries. They must promote the international community, following the philosophy of joint consultation, common development and shared benefits for all in global social progress. We must uphold the governance regime and principles of existing international institutions and work for their gradual betterment. Different countries should formulate plans corresponding to the 2030 Agenda based on their respective national status and actively implement them. Meanwhile, all countries must follow the principle of joint consultation, common development and shared benefits for all in accomplishing the 2030 Agenda and other major goals, and in boosting global productivity to create more wealth. The great centennial change taking place around the world is first and foremost characterised by a new pattern in global economic growth, namely, the east is rising while the west is on the decline.

To promote global economic growth, the first priority is to promote coordinated development between China and the United



States. In 2018, China and the U.S. accounted for 40% of the global economic aggregate, contributing 50% to world GDP growth. Second, the economic growth of Asia needs to be boosted. From 2008 to 2018, Asia's economy grew by 6.8% year-on-year, accounting for 60% of global economic growth during the same period. In the next 20 years, Asia will remain the fastest-growing area in the world. The coming decade will see China's GDP growth stand at around 6% or above 5%, and the accelerated economic growth of India will certainly drive Asia's economic expansion. In the light of these changes, economic cooperation between China, Japan and South Korea is expected to usher in new opportunities. Since 2013, when President Xi Jinping proposed the Belt and Road Initiative to strengthen connectivity, China has taken the lead in establishing the Asia Infrastructure Investment Bank (AIIB), and in promoting social and economic exchanges in and between East Asia, Southeast Asia, South Asia, Central Asia and West Asia. A new Asia, with sophisticated coordination and rising prosperity, is destined to serve as a key driver in completing the goals set out in the 2030 Agenda.





# 06.02 DING YIFAN

SENIOR FELLOW OF THE INSTITUTE OF WORLD DEVELOPMENT, STATE COUNCIL DEVELOPMENT RESEARCH CENTERFORMER MAYOR OF TIANJIN

Ding Yifan obtained his PhD in Political Science from the Faculty of Law at Bordeaux University. He used to be the Deputy Director of the Institute of World Development, which is part of the State Council's Development Research Center. He has published numerous papers in leading Chinese academic journals and newspapers. He has also authored several books and published articles in English and French in several academic journals.

# Multilateralism is the way to solve the global governance deficit

The crux of the challenges facing the world today is that some complex issues are of a global nature, while their solutions are confined to what can be accomplished by nation states. This contradiction, between the parochial nature of decision-making within nation states and the scope and effects of alobal challenges, complicates problems and makes solutions less efficient. Whereas the effects of climate change obviously impact all countries, some become victims because they have limited recourse to slow climate change. The forces of international terrorism are another example and have metastasised across many countries, which have not been able to control the development of these extremist forces on their own. Manu of these issues appear to have no solution when we attempt to resolve them from the familiar framework of the nation state. What is the key to solve these global problems, and how can we reach a consensus to solve them? These are the pressing questions of our time. International public opinion would perhaps benefit from paying closer attention to the suggestion put forward by China to build a community with a shared future, because the Chinese proposal is precisely the right solution to these global problems.

### THE CONSTRUCTION OF A COMMUNITY FOR A SHARED FUTURE FOR MANKIND

In human history, countless wars and conflicts been fought between different countries and groups of nation states in their struggle for international power. During the 20<sup>th</sup> century alone, the two world wars caused grievous numbers of tragedies. In the First World War, more than 10 million people died and more than 20 million were wounded. The Second World War saw casualties sextuple, to nearly 60 million deaths and 130 million wounded. In the post-War era, a Cold War broke out between the two remaining superpowers, the United States and the Soviet Union, who established a divided, bipolar world. Though the spectre of nuclear Armaaeddon and the balance of nuclear arsenals prevented the outbreak of another hot war, perhaps humanity's last, the same scenario in this bipolar world prevented smooth exchanges between human society.

The dismantling of the Cold War order paved the road forward for globalisation the accelerated cross-border flow of capital, technology, information and people across national borders— and the complex interdependence between nations. All countries have become bonded by interest in this interdependence, and it is these mutual interests that force them to maintain the legitimised international order.

There is also a hierarchy within the blocs of nation states. The leading countries enjoy not only the ex officio powers that dominate other members but also maintain an unequal relationship with other participating countries by enjoying the excess benefits of the "international division of labour" within the group. War is a form of power redistribution within a system, either to break the balance of power within the group or to win over members from other groups for more benefits.

However, upon entering the era of globalisation, peaceful competition has become the mainstream and replaces extreme means such as war to achieve the goal of national development. Economic interdependence between countries helps to ease international tension. All countries can maintain and regulate interdependence through international systems and mechanisms to safeguard their common interests.

The international financial crises that have taken place in recent years have given people a deeper understanding of the solidarity of the global economy. As the Asian financial crisis hit East Asia in 1997. the ASEAN 10 + 3 Chiang Mai Initiative was born. After the international financial crisis of 2008 broke out, the leaders of the G20 got together and decided to jointly launch a "stimulus package" to prevent global depression and the resurgence of protectionism. It is obvious that if these countries had failed to cooperate with each other in this major crisis, and instead tried their traditional beggar-thy-neighbour policy, then the financial contagion could have spread across the world like the Great Depression at the end of the 1920s and the 1930s. The consequences, had such an event occurred, could have led to the formation of blocs of states and perhaps could have triggered another world war: an unthinkable scenario involving enormous calamity and irreparable disaster.

Of course, in this world, there are still many people who hold a Manichaean view on global issues. Thus, in the face of China's rapid rise, some U.S. strategists began to worry about the "Thucydides Trap". In other words, they thought that fear of losing hegemony could push the United States to attempt to build an alliance with other countries to lay siege to China. This would eventually cause China's resistance and lead to a war between China and the United States. But Chinese leaders do not agree.

In early 2015, when President Xi Jinping visited the UN headquarters in Geneva, he said: "All countries should establish partnerships based on dialogue and non-alignment. Major powers should respect each other's core interests and major concerns, have some control over their conflicts and differences, and strive to establish a new type of relationship, based on non-conflict and non-confrontation, seeking mutual respect, and win-win cooperation. As long as we insist on communication and sincere cooperation, the Thucydides Trap can be avoided."

To avoid the "Thucydides Trap", what China has come up with is gradually building a community based on a shared future. In the 2011 White Paper on the "Peaceful Development of China", it was proposed that the new connotation of common interests and common values of mankind should be introduced with a new perspective of a "community with a shared future for mankind". At the CPC's 18<sup>th</sup> National Congress, the working report pointed out that "human beings live in the same global village and live in the same space where history and reality meet, becoming more and more like a community of a common future where different interests are intertwined." In late March 2013. Xi Jinping, after his election to the Chinese Presidency, paid his first visit to Russia. In his speech at the Moscow Institute of International Relations, he referred to the concept of a community with a shared future for mankind for the first time. In late September 2015, when the United Nations held its 70th anniversary commemoration, President Xi Jinping visited the UN headquarters in New York and delivered a speech entitled "Building a New Partnership for Win-Win Cooperation and Building a Community with a Shared Future". This was the first time that a top Chinese leader had proposed the concept of the community with a shared future at a major international organisation and developed its core ideas in detail.

The world today faces many global problems, such as food security, scarcity of resources, climate change, cyberattacks, demographic explosion, environmental pollution, epidemics, and transnational crimes. These global non-traditional security problems pose a serious challenge to both the international order and human existence. No matter where people live, what their beliefs are and the economic conditions they live in, we all are faced with the challenge of these realistic issues. We must, therefore, work together to find solutions to these problems. Consequently, the idea put forward by China to build a community with a shared future began to draw the attention of world public opinion and gradually gained recognition in international organisations and was written into some UN documents.

### IMPROVING GLOBAL GOVERNANCE TO SERVE THE COMMUNITY WITH A SHARED FUTURE

The threats facing the community with a shared future come mainly from five areas: the economy, politics, security, culture and ecology.

In the economic field, all countries can achieve mutual benefit and reach a win-win situation if they cooperate with each other so that their respective comparative advantages can be brought into play to complement each other for better world development. Only by closer cooperation between countries in the South and North, in jointly promoting globalisation that moves in a more equal, more equitable and more balanced direction can the world advance towards common prosperity, common wealth and common progress.

In the political field, all countries should respect each other, hold consultations on an equal footing and live together in peace so as to jointly drive global governance in a more democratic, fairer and more balanced direction. The major world powers should share responsibility, make joint consultations and jointly govern these global issues, instead of forming new blocs to dismantle each other's interests and disrupt international cooperation.

In the field of security, we should neither violate nor interfere in each other's internal affairs, respecting the faculty of all countries to handle their own affairs independently, opposing major powers' subversion of other countries' legitimate regimes, and armed intervention and threats by force, while promoting various forms of cooperation on security issues, in order to maintain regional and global security and peace. In the field of culture, China has always advocated diversity in harmony and peace, encouraging all nations to exchange views and learn from each other, and promote and protect cultural diversity, pluralism and national cultures. China hopes that the cultures of all countries will embrace openness and inclusiveness, inherit traditions and promote innovation.

In the field of ecology, we all live on one planet and the human race cannot survive if the Earth is sabotaged. All countries should help each other and work together to jointly tackle the global environmental crisis and climate change and build a world of "harmony between man and nature". Together, we should take the road of green development and jointly care for the Earth, i.e., the homeland on which mankind depends.

To solve these global problems, if we want to build a community of human civilisations, we must construct an appropriate international system and build its institutions. China supports the existing United Nations system and hopes that the UN will play a stronger role in global governance. China is also involved in various UN activities: China actively participates in UN peacekeeping operations and out of the permanent members on the UN Security Council, China has supplied the largest number of peacekeeping troops. China supports the World Trade Organization, the global multilateral free trade system, and actively organises and participates in its regional counterpart that runs parallel to it. As a staunch supporter of the UN's Paris Convention on Climate Change, China is actively cooperating with the UN plan to reduce carbon dioxide emissions. It can be said that China is at the forefront of developing renewable energies and an environmentally friendly eco-economy.





### **GG** IN THE PROCESS OF DEVELOPMENT, ASIAN COUNTRIES HAVE FORMED DIFFERENT COMMUNITIES, AND MANY REGIONAL COOPERATION MECHANISMS HAVE BEEN ESTABLISHED.

When the existing international system cannot meet demand and cannot solve the existing global problems, China also actively explores other ways of international cooperation. For example, China, aware of the inability of the World Bank and its regional development organisations to meet existing infrastructure investment needs in developing countries, proposed the creation of the Asian Infrastructure Investment Bank. China's initiative to make up for the deficiencies of the existing system received a positive response from many countries, including European nations.

China does not want to "reinvent the wheel" and does not oppose the existing international system. Instead, it wants to make up for the deficiencies in the existing international order and provide services that the current system cannot offer. This is the same logic as the Chinese strategy of "walking on two legs". When the existing objective conditions are not yet ripe, we cannot wait for them "by folding our arms". Instead, we need to work hard to create mechanisms that can promote the development of our community with a shared future.

### THE RETURN OF ASIAN CIVILISATIONS PROVIDES A NEW MODEL FOR REGIONAL GOVERNANCE

The biggest change in the world economy in the 21<sup>st</sup> century is the collective rise of Asia. Unlike the era of industrialisation in Europe in the 19<sup>th</sup> century and the era of industrialisation in the United States in the 19<sup>th</sup> and 20<sup>th</sup> centuries, the development of Asian countries is not based on the nation state but on that of a civilisation state. The method of life of a civilisation state is very different from that of a nation state. It also determines that the future development of the Asian region must be different from that of Europe and the United States.

Historically, the industrialisation of Europe was accompanied by the development of colonialism. European countries turned large areas of Asian, African, and Latin American countries into their own colonies, occupying these markets, exporting industrially manufactured goods, and importing cheap resources from these areas. Monopolies in these colonies were the main reasons for the European powers to fight with each other overseas. It was no accident that European countries formed special investment and trade groups, on the eve of the two world wars.

When American industrialisation emerged, the world market had been divided up by European powers. The United States entered the world market under the banner of "free trade". After the Second World War, the United States emerged victorious and forced other countries to abandon the way in which they established their own unique trading systems, instead setting up a global governance system: the United Nations, to regulate the world's economic development. The United States was certainly the biggest beneficiary because it had the most powerful industrial production system and the largest gold reserves. However, the global governance system established by the United States also brought a relatively stable development environment for other countries.

Since the end of the Cold War, globalisation has also relied on this world governance system. Asian countries have developed in this scenario and are therefore willing to continue to maintain this system.

Both China and India have developed rapidly, taking advantage of globalisation, with the industrialisation of these two powers completely changing the face of Asia. Before the industrialisation of Europe, the world economy was largely centred on Asia, and the industrialisation of China and India has once again shifted the centre of the world economy back to this continent. The ancient civilisations of Asia have a tradition of peaceful coexistence because they are "civilisation states" where all ethnic groups live in harmony, exchanging with and learning from each other. China introduced Buddhism from India and merged it with traditional Chinese Confucian culture, which created "Zen." Zen was then exported to the Korean Peninsula and Japan, forming a unique cultural tradition throughout East Asia. This Asian culture emphasises personal austerity, hard work, and collectivism. It emphasises mutual help to achieve family prosperity, which ultimately contributes to the prosperity of the countru.

When we look back at the development of Asia in these years, we find that the pursuit of common development and common prosperity is a feature of this region. In the process of development, Asian countries have formed different communities, and many regional cooperation mechanisms have been established. Achieving better development through cooperation has become the consensus of Asian countries.

Asian civilisation states such as China and India are not concerned about the "Thucydides trap". They are focused on how to achieve a better life and how to make the country richer and stronger. Asian countries which follow these values resolve friction and conflicts by building a community of common interests. Asian development will become an example of building a community with a shared future for mankind.



# 06.03 HE YAFEI

FORMER DEPUTY FOREIGN MINISTER OF CHINA FORMER DEPUTY DIRECTOR OF THE OVERSEAS CHINESE AFFAIRS OF THE STATE COUNCIL OF CHINA

He Yafei is the Former Deputy Foreign Minister of China and the Former Deputy Director of the Overseas Chinese Affairs Office of the State Council of the People's Republic of China. He graduated from Beijing Foreign Studies University and earned a master's degree at the Graduate Institute of International Studies in Geneva. As a professional diplomat, he has served in various positions related to foreign affairs.

# Commitment to Multilateralism is the Firm Position of China's Diplomacy

As we discuss China's diplomacy over the past seven decades, the status and significance of multilateralism in China's diplomacy naturally figures prominently in the discussion. Nowadays, due to prevailing populism and nationalism, multilateralism is a crossroads. The direction of the way forward will not only dictate the evolution of world order but will also exert a major impact on whether the global economy will continue to stay open or retreat into isolation.

"It is the best of times in history; it is perhaps also the worst of times." General Secretary Xi Jinping's observation on the world situation is very keen and insightful. He said that "the world is in the midst of a seismic change unseen in the past century," and stated that "China's development is at its best of all time in history". Judging from the prospect of China's development or that of the world, the current era marks a crucial turning point in the history of humanity with attendant risks and dangers. The existing international order is falling apart, while a new one is beckoning on the distant horizon. At such a key juncture, uncertainties and turbulences become normal and change becomes the trend. Various conflicts and challenges are emerging with unprecedented frequency and intensity.

Global challenges require global solutions in today's world, and they must be inclusive and multilateral. These solutions, which sometimes seem to be easily available, may turn out to be "way beyond our reach". This is because some major powers, bogged down by populism and nationalism, are no longer willing to provide "global public goods". They have pulled out from different international groupings and organisations whilst threatening tariff hikes and sanctions. Such behaviours have fuelled tension in international relations, and in major country relations in particular.

As China continues its steadfast commitment to multilateralism, as it has done over the past 70 years, the UN Secretary-General Guterres has also set out to reshape the UN systems and mechanisms by seizing the opportunity of the UN's 75th anniversary next year and engaging in effective cooperation between different countries through the UN 2030 Agenda's Sustainable Development Goals (SDGs). The idea that "China and the world need each other" has become deeply rooted in people's minds and is at the centre of China's firm adherence to multilateralism. China's progress has become part of global development, playing a bigger role in creating a more beautiful world. This marks a big change with the world compared to the old days in 1949 when the People's Republic of China had only recently been established.

Since the 18th National Congress of the Communist Party of China, under the leadership of General Secretary Xi Jinping, China's development and its diplomacy with the world's leading countries have entered a new era, proposing a series of new ideas and proposals on global governance, which have cauaht international attention. Looking around the world, as globalisation reaches a new phase haunted by rampant populism, polarised global politics, and growing top-down pressure on the world economy, the challenge posed by "multilateralism at a crossroads" for all countries is to answer the following questions. Where should multilateralism go from here? How can we address the shortage of international public goods? Is the danger of countries who are competing for power falling into the "Thucydides Trap" likely to materialise? Upholding multilateralism remains the key to answer all these questions.

From the inception of the UN in 1945 to the present day, the UN Charter has always been the highest, most comprehensive legal statement for multilateralism. However, the original purpose of creating the UN was to prevent new world wars given that the previous two world wars had wreaked total havoc and had installed a sense of fear in the global community. Now, it is high time to consider the future of the UN and the efficacy of its institutions and mechanisms. Mushrooming new challenges in global politics, security, economic development, international finance, nuclear non-proliferation, outer-space security, cybersecurity and other areas require multilateralism and global cooperation more than ever. Multilateralism is not only confined to the UN as there are many multilateral institutions and regional organisations such as the G20, G7, the Shanghai Cooperation Organisation, the APEC, the OECD, the ASEAN and the African Union. Together with over 400 more bilateral and multilateral trade arrangements, these institutions have jointly formed the network of global governance.

Chinese traditional culture believes that Tao gave birth to the One; the One gave birth successively to two things, three things, and up to ten thousand. Following the same line of thinking, how can multilateralism be developed and enriched in the future? How should its framework and norms be defined? These questions merit meticulous analysis, given that these challenges and questions are closely intertwined, and cannot be separated. Therefore, to ensure the sustained, effective development of multilateralism, we must press ahead with openness and a reform-oriented mindset.

The Declaration adopted at the 2016 G20 Summit in Hangzhou, China, can be used as a model text for meticulous study. This document won the unanimous support of all G20 members. Both China and the United States pledged to implement the Declaration. Though the United States no longer abides by its commitment under the Declaration due to domestic changes, China remains committed because it firmly believes that multilateralism is the corner-



### **66** IT IS HIGH TIME TO CONSIDER THE FUTURE OF THE UN AND THE EFFICACY OF ITS INSTITUTIONS AND MECHANISMS.

stone of international cooperation.

Greater attention should be directed to the correlation between multilateralism and global governance as the current international order and global governance system is worryingly crumbling into pieces. In the early days of reform and opening-up, Mr Dena Xiaopina once said that it doesn't matter whether a cat is black or white. as long as it catches mice. Such thinking should also be the basic yardstick in assessing the success of multilateralism, that is to say, using practical results as the benchmark. Issues like the reform of the World Trade Organization are thorny but crucial, as they have a bearing on the future of global governance, world peace and economic development.

China has made tremendous efforts to accomplish the UN Millennium Development Goals (MDGs), especially in poverty alleviation, contributing 80% of the global poverty-stricken population reduction. From the MDGs to the 2030 SDGs, China is playing a bigger role, providing a new path of development for the country through its successful governance practices. China is on track to fully eradicate poverty by 2020, a milestone in China's endeavour to deliver the 2030 SDGs. China is set to share more experience, support and resources with other developing countries via the Belt and Road Initiative, its global partnership network and other cooperation platforms.

In championing multilateralism, we must also explore and give the right answers to the following questions. How should we view the current world? How can we identify challenges and threats? How can we better transform world order?

Taking stock of the progress in China's diplomacy over the past 70 years, we can see that China has experienced extraordinary difficulties and progress, from making passive responses to actively participating in and even pioneering international affairs and global governance. China's development process, as such, deserves conscientious summarisation. Special mention should be given to the time when General Secretary Xi Jinping took over the helm of China in the new era at the 18<sup>th</sup> National Congress of the Communist Party of China, as this constituted a major turning point in China's diplomacy with other leading countries. Since then, China has involved itself in international affairs and global governance in a more active, meaningful manner to boost global development.

China derives a series of proposals from its success in domestic reforms and the Chinese civilisation of several millenniums, which serve as the core values in guiding China's adherence to multilateralism. The BRI, and the proposals to build a new type of relations with leading countries, based on equality, non-conflict and non-confrontation, and a community with a shared future for mankind, are all examples of China's contribution to guiding thoughts on global governance. They herald a new stage of maturity and sophistication in China's diplomacy with major countries.

The evolution of China's diplomacy over the past 70 years is clear. China does not advocate subverting the current international order, as evidenced by its active participation in international affairs and global governance, where it has integrated itself into globalisation and into the global supply chain. China is now starting to play a leading role in certain global issues.

China-U.S. relations mean a lot to China's diplomacy, but they are not everything. For example, China's relations with the European Union, Africa, and Latin America are also important. The reality is that most of the rules or institutional arrangements concerning global governance are either created in Europe or their guiding notions originate there.

Some in the U.S. and the West state that China's diplomatic policy has grown assertive over the past decades. In fact, this is because China is moving ever closer to the centre of the global stage as one of the major powers and it is only natural that China needs to play a role in global affairs. General Secretary Xi Jinping has time and again reiterated that China, no matter how developed it becomes, shall never seek to capsize the current international system, pursue hegemony or build its sphere of influence. Instead, China's development presents a chance for the world to move towards a better future, and towards better opportunities for developing countries and emerging economies, in particular. Gone are the days when the international order was dictated by a single country. The rise of China and other developing countries and emerging economies will tip the balance of power in favour of building a more equal, fairer international system.

As mentioned above, the UN Charter has spelt out the vision for multilateralism. The world has already faced multiple traditional global challenges. However, financial regulation and the coordination of macroeconomic policies, and the technological revolution brought by outer-space technologies, AI, Big Data, the Internet of Things (IoT), and biological technologies are bringing new global challenges. These require more powerful, inclusive tools to address them within the framework of multilateralism.

When it comes to the content, means, modalities, adaptability and feasibility of multilateralism, emphasis should not only be placed on the multilateral tools applicable in the economic and trade sector but also on climate change, space, new technologies and other areas. Although, multilateralism is currently being challenged by unilateralism and populism, it has not yet failed. What it needs is to enhance its diversity and inclusiveness to enrich its connotations and extend its outreach.

The 2030 Agenda is an important UN initiative for the whole world. The keyword is collective action. Compared with the MDGs, which were only meant for a certain group of countries, the 2030 Agenda's SDGs are broader-ranging and highly comprehensive, covering a wide range of issues including women and children's rights and interests, improved living standards, education, poverty reduction and other fundamental issues.

China's BRI is an important part of and way to deliver the 2030 Agenda's SDGs. The key to the 2030 Agenda is action, and mere talking will not make a difference. There is much to be done to implement the Agenda and this work requires a peaceful, stable international environment, sustainable growth of the world economy and in particular, the cooperation and consensus thereof amona all countries, especially the major ones. The 2030 Sustainable Development Agenda was included as a priority in the Hangzhou G20 Summit and was followed up with a national-level action plan. However, there are gaps in implementation between different countries. Out of the 43 nations surveyed, only 18 countries have included the Agenda in their national plan and budget. This is far from enough, as it bodes the regression, rather than the progress of multilateralism. We need to drum up the call for all countries to focus on the Agenda's implementation and follow it through with planning and funding.

China has always been an active champion of multilateralism in global governance with its suggested plans and ideas. Regarding the reform of the UN, China has come up with a visionary plan, i.e., adhering to multilateralism and opposing unilateralism. China's endeavours to build the Forum on China-Africa Cooperation (FOCAC), the China-Africa Development Fund (CAD Fund), the China-Arab States Cooperation Forum (CASCF), and the 16 1 Cooperation Mechanism between China and European countries are all cases of active efforts which have accumulated valuable experience. The Former President of Slovenia, Danilo Türk mentioned two key concepts: "solving problems" and "communication and exchanges", indicating that multilateralism needs to be grounded

in reality and be flexible to solve the challenges facing the world.

Only by adhering to reality and addressing problems one by one can we ensure the success of multilateralism. In a globalised, complicated, fast-changing world, the efforts of a single country cannot tackle the problems. Challenges become global just because they respect no boundaries. The key to "communication and exchanges" is to build an open rather than an isolated world. Opening-up is the way out while isolation leads us to a dead-end. In order to cope with new challenges, we need to reform the old regime and implement a new one, and in this process, we must ensure comprehensive participation of developing countries. The success of the Asia Infrastructure Investment Bank has demonstrated that the traditional concept of North-South, South-South is losing relevance. The world is a shared community and no country should be left behind.

I once discussed with Mr Gordon Brown. the Former Prime Minister of the United Kingdom, how to better utilise the existing international mechanisms. When the current ones no longer function, they must be reformed or replaced by new ones. This is a progressive view of development. Reforming the old to give way to the new, or replacing the old with new, are laws of nature. There are different, diversified views as to the definition and standards for developing countries, which require in-depth discussions. Just as we can only eat one mouthful of rice at a time, we cannot finish the whole task in one go. No matter how the global situation evolves, in a highly integrated and interconnected world, we can only ride the immense uncertainties and difficulties ahead and reach the other shore of a more beautiful world by sticking to multilateralism and democracy in international relations.

## 06.04 YANG JIEMIAN

CHAIRMAN OF THE SIIS COUNCIL OF ACADEMIC AFFAIRS

Yang Jiemian was the President of the Shanghai Institutes for International Studies (SIIS) (2007-2013) and a Councillor in the Shanghai People's Municipal Government. He is now the Chairman of the SIIS Council of Academic Affairs. He has (co) authored about two dozen books and many papers containing well over one million words on international relations and Chinese foreign policy.

# Challenges and Prospects of Multilateralism in the Context of Global Governance

Multilateralism is a built-in meaning of global governance in times of globalisation. However, multilateralism is facing the most severe test since the end of the Cold War as a result of wide-spreading anti-globalisation, populism, extremism in general, and unilateralism and protectionism pushed by the Trump administration. As the ancient Chinese poem goes, "mountains cannot block the river running eastwards". Global governance and multilateralism as historic trends will continue to surge ahead despite the difficulties and obstacles.

Global governance has long been mankind's dream and exists in the major world civilisations. One hundred years ago, mankind started the process of international governance. Thirty years ago, the term and concept of global governance came into being along with a thriving time of multilateral diplomacy and multilateralism. However, unilateralism and protectionism pushed by the Trump administration are seriously assaulting the ideas, mechanisms, norms and public opinions of global governance. Consequentially, the contest between multilateralism and unilateralism is no longer a simple difference of diplomatic ways and methods, but a struggle of direction, target and morality of international relations.

Against the aforementioned background, China, Europe, and many small and medium-sized countries adhere to multilateralism and attach great importance to the inter-relations between global governance and multilateralism. China's main views on this are as follows:

- China believes that multilateralism is part of the mainstream of our time and the multilateral system symbolises an important step towards greater democratisation of modern international relations.
- China upholds that the most important tasks of multilateralism are currently to preserve the international system, with the United Nations at its core, as well as international trade norms and regulations centred on the WTO.
- China adheres to and promotes multilateralism by ensuring the continu-

ation of what the multilateral process has achieved and gained, enhancing the rights of developing countries in global and regional governance, and using the principles of mutual consultation, joint building and common sharing in advocating major initiatives, among other things.

Global governance is an enormous systemic project which is complex and comprehensive, thus requiring long-term persistence in multilateralism.

On the one hand, we must seize all the historic opportunities of global governance.

Historically speaking, based on North-South and South-South cooperation, global governance constitutes a higher stage of development. Thirty years ago, the developed countries put forward the concept of global governance. In the next 30 years, the developing countries will add more momentum to it.

Practically speaking, "necessity is the mother of invention." At present, the gap between the need for and the capacity of global governance is widening. To change this status, the international community needs to prioritise it as an increasingly urgent point on its agenda.

Conceptually speaking, the international community does not only work on practical global governance but also thinks hard about the relevant concepts and theories.

On the other hand, we must fully understand and effectively meet the challenges. Moreover, these have become increasingly more serious and widespread.

As regards global governance in the realms of politics and security, the international

community and many actors are facing challenges in their general environments, capabilities, mechanisms, institutions, concepts and election platforms.

In terms of economic and financial issues, the international community and many actors are confronted with challenges of insufficient momentum and weakening dynamism. Some major economies are retreating into internal issues while having reduced their interests in reforming global economic and financial governance.

Global governance in non-traditional security realms is being challenged by a lack of international cognition consensus and action coordination. The relevant institution-building, strategic coordination and policy synchronisation are giving way to traditional strategic competition and ideological attacks.

Global governance in cultural and educational areas is finding it increasingly difficult to maintain civilisation pluralism and promote balanced and/ or parallel development. The relevant sides need to enhance their historic responsibilities to strengthen the world's cultural and educational governance so as to lay solid foundations for global peace and development.

Looking forward into the future, all the international community's stakeholders need to further promote multilateralism on the basis of their own practical exploration and theoretical innovation. Moreover, they also need to learn from positive and negative international experiences and enrich mainstream ideologies, theories and actions in international communication.





# 06.05 **YAO YAO**

DIRECTOR OF THE CENTRE FOR NATIONAL SOFT POWER RESEARCH

Yao Yao is the Director of the Centre for National Soft Power Research at China Foreign Affairs University, a national-level institute affiliated to the PRC's Ministry of Foreign Affairs. He holds a joint PhD in International Communications from Tsinghua University and Harvard University. His field of study mainly focuses on China-U.S.-EU relations and public diplomacy.

# Compromising Self and Others: Why Do China's Diplomatic Ideas Support Multilateralism?

On 10 December 2018, Chinese Vice President Wang Qishan delivered a keynote speech during the opening ceremony of the 2018 Imperial Springs International Forum, stressing that the sufferings and glory of Chinese history are the source of the present.

Soft power, following Professor Joseph Nye's formulation, lies primarily with three resources that are intertwined with each other: culture, political values, and foreign policies. Actually, both political values and foreign policies are generated by the cultural traditions of a nation. Therefore, China's traditional civilisation provides an endless source of invaluable cultural assets for China's political values and foreign policies, which make up China's soft power today.

For decades, the West has made all kinds of assessments and predictions about China and Chinese foreign policy. For some, China is either "collapsing" or "threatening." As China continues to grow, the first theory has collapsed in on itself. Meanwhile, the proposers of the second theory have recently conjured up new versions, especially about China's foreign policy, which actually always puts the emphasis on multilateralism and common development.

So, what is the right way to understand China's diplomatic ideas?

### CONFUCIANISM TRADITIONS: COMPROMISING SELF AND OTHERS

In its several thousand-year history, the Chinese nation has developed the humanoriented concept of loving all creatures as if they are your kind and loving all people as if they are your brothers; the political concept of governing with both virtue and according to the rule of law; the peaceful approach of universal love, non-offence and good-neighbourliness, and personal conduct, treating others in a way that you would like to be treated, and helping others succeed if you want to succeed yourself.

Last year, I raised a question to a class of fifty international diplomats at the China Foreign Affairs University: "According to Chinese culture, is the meaning of a gentleman's life to think about himself

### **GG** ACCORDING TO CHINESE PEOPLE'S WISDOM, EVERY COUNTRY, WHILE PURSUING ITS OWN DEVELOPMENT, SHOULD ACTIVELY SEEK THE COMMON DEVELOPMENT OF ALL COUNTRIES.

or about others?" Forty-nine students told me, "Of course, to think about others!" "Serving the people is the only idea we know about China". Only one student doubted and asked: "Isn't it hypocritical to live for others?" Perhaps the truth is generally held by the minority. Confucius, the great ancient Chinese philosopher stated clearly that the meaning of life for a gentleman is absolutely "For oneself." This is human nature that no one can change. However, Confucius also explained that "self" is never independent. In order to perfect himself, a gentleman should always pay attention to others' interests and feelings. Hence, Confucius' core idea can be aeneralised as one Chinese character: "仁 (Ren)", which means caring about others or spreading one's love to others.

China's foreign policy also originates from the ancient philosophy and profound civilisation of the great Chinese nation. According to Chinese people's wisdom, every country, while pursuing its own development, should actively seek the common development of all countries. There cannot be sustainable development in the world when some countries are getting richer and richer while others languish in prolonged poverty and backwardness. Such practices as shifting crises onto others and feathering one's nest at the expense of others are not only immoral but are also realistically unsustainable.

In a word, you can never succeed alone while others are suffering. This cultural tradition perfectly explains the core of China's soft power which some in the West always ignore or misread.

### TREATING THE WEAK: TEACHING OTHERS HOW TO FISH

Washington has recently invented a new term, "Sharp Power," created by scholars from the National Endowment for Democracy, which refers to the so-called information warfare being waged by China. To be honest, the notion of "Sharp Power" is actually nothing new. In 2015, George Washington University's David Shambaugh wrote in an essay for Foreign Affairs magazine that "China suffers from a severe shortage of soft power even if investing billions of dollars around the world". According to this author, the "Soft Power 30" index drawn up by a British consultancy company, mainly on the basis of subjective indicators instead of objective measures, ranked China 25th out of 30 countries assessed.

However, such arguments and indexes ignore the real voices from the Third World. Back in 1979, when deciding to establish formal relations with Beijing, Washington was well aware of Beijing's soft power in the Third World. As President Jimmy Carter admitted, "One of the more interesting potential benefits of having China as a friend would be its ability to quietly sway some of the Third World countries with whom it was difficult for the U.S. to communicate". Carter's judgment is still relevant today. According to a report compiled by the Pew Research Center in 2017, a median of 47% out of the 38 countries surveyed had a favourable opinion of China. Majorities or pluralities in 24 countries gave China a positive rating. And it is not surprising that the most favourable views of China are found in developing countries, especially sub-Saharan Africa.

So, what's the right way to treat developing countries in a weak position?

Soft power cannot be bought, coming instead from true feelings. Chinese diplomacy has an unshakable tradition that Africa is always the first destination of its Foreign Minister's annual overseas visits in Januaru. When some scholars talk about the sharp power of China, they focus on information warfare techniques and tactics but ignore the principles of its foreign policy. For example, does America's soft power come mainly from techniques or principles? In late 2017, a Pew Research Center survey revealed that America's muchvaunted soft power, which has long been touted as an antidote to its oft-criticised "hard power" image, is actually enhanced more by pop-culture exports than by its reputation for protecting civil liberties or its ideas about democracy.



### **66** A LACK OF CAPACITY TO "SELF-INDUSTRIALISE" IN MANY DEVELOPING COUNTRIES HAS BECOME THE ROOT CAUSE OF UNSTABLE INTERNATIONAL POLITICS AND AN UNBALANCED WORLD ECONOMY.

The liberal order, which is recoanised as the world vision of American principles and ideals, may be designed with good intentions. However, just as Jeff Colgan and Robert Keohane pointed out in an essay for Foreign Affairs magazine, it has obviously been rigged and hijacked by capitalism for a long time. For more than half a century, through vast funding and the leverage of soft power, the U.S. has dominated the main economic institutions, such as the World Bank and the

IMF, whose rules and policy paradigms the Third World countries must adhere to. Many people now doubt whether the U.S. uses this leverage to represent the best interests of Third World countries or whether it uses it to further the interests of powerful lobby groups and big companies? Does it allow the Third World countries to experiment with their own economic policymaking to find out what works for them or does it force them to open up their markets to huge Western corporations?

China has always cherished an independent path of development that suits its national reality. This is actually the key to the political values of China's soft power that attracts other developing countries. In addition, according to Princeton Lyman of the Council on Foreign Relations, the U.S. must recognise that much of China's appeal in Africa is its willingness to respond to African development priorities, such as infrastructure, and to look at Africa as a promising area for investment. The U.S. only recently returned to infrastructure projects under the Millennium Challenge Account, after three decades of absence. However, even today, American investment is still heavilu concentrated in the natural resource sector.

In comparison, during his visit to Africa in 2013, Chinese President Xi Jinping put forward two key concepts, which perfectly showcase China's diplomatic soft power born out of its traditional culture. The first one is "Nesting to attract phoenixes", which means improving infrastructure and building a favourable environment to attract more investment and achieve economic take-off. The second one is "Teaching one how to

fish rather than giving them a fish", which means that although temporary assistance is helpful, it is more important to help Africa improve their ability to self-develop and accelerate the process of industrialisation.

For years, a lack of capacity to "self-industrialise" in many developing countries has become the root cause of unstable international politics and an unbalanced world economy. Hence, the key to the solution actually lies in renovating shabby infrastructure and fostering a complete system of independent industries. According to China's own experience, enhancing the capacity for self-development is the most urgent priority for developing countries to eradicate poverty and instability, and to provide developed countries with an opportunity to boost exports and improve employment performance.

According to a report drawn up by the Brookings Institution, the right way to view China's role in Africa is not to criticise it in a way that never hits the nail on the head, but to pursue some kind of third-party cooperation. Given that the U.S. has advanced technology while China has strong manufacturing capacity, only by joining forces can both sides avoid unnecessary competition and increase their market shares. With China's cost-effective production capacity and America's worldclass equipment and technology, all parties involved in the deal win.

### FACING THE STRONG: BEAUTY AND BEAUTY TOGETHER

In recent years, the whole world has witnessed how the United States has become more and more anxious about whether it will decline or be surpassed. In 2016, the then-Republican presidential front-runner Donald Trump even said, "the U.S. has now become a Third World country as compared to infrastructures in Dubai and China". The U.S. cannot become a Third World country, but after Trump won the election and adopted an "America First" approach, many commentators stated that it was China's opportunity to take on global leadership, which made many Americans even more anxious.

This is another typical misunderstanding about China's diplomatic ideas. Why is it impossible for China to replace the U.S.? The reason is quite simple. Because China is not the United States or any other power. Some 2,000 years ago, the Chinese built the Great Wall for self-defence. These are the special characteristics and the veru typical expression of the features of the Chinese culture, which generate its current soft power. In his speech at the UN headquarters in 1974, Deng Xiaoping, the then Vice Premier of China, told the world that "If one day China should change her colour and turn into a superpower, if she too should play the tyrant in the world, and everywhere subject others to her bullying, aggression and exploitation, the people of the world should identify her as socialimperialism, expose it, oppose it and work together with the Chinese people to overthrow it."

Actually, rather than talking about "leadership", China prefers to talk about "responsibility". That's the reason why China never uses the term "Great Power" to describe itself but instead replaces it with "Major Country". Major countries have more resources and capabilities, so they should shoulder more responsibilities and make a greater contribution.

At the UN Assembly in 2017, President Trump mentioned "Sovereignty" 21 times in



his 42-minute speech. However, he reveals the real victim but points to the wrong murderer. Ching is not the murderer of sovereignty but one of the victims of globalisation, alongside many developing countries and even some developed countries, which have been hijacked by uncontrolled international capital. The Age of Discovery, dating back to the 16th century, established a globalisation model with capital as its core. Since then, coastal regions and seaport cities became prosperous thanks to international ocean trade. Henceforth, the industry chain located in coastal areas grew rapidly, while inland areas waned, which finally led to a growing gap between rich and poor all over the world. Trump was elected in the 2016 campaign as he was strongly backed by populists who had not benefited from globalisation. If we take a close look at the election voting map, Trump's supporters mainly live in inland areas while those backing Clinton mostly reside in eastern and western coastal cities. which indicates that the United States, just like Eurasia, is also trapped in some kind of unbalanced globalisation.

As for the arguments that China is taking advantage of the U.S. through its econom-

ic policies, misunderstandings are leading America to a totally wrong conclusion. According to Chinese Premier Li Keqiang in a press conference in 2017, over 90% of the profits from Chinese companies involved in foreign trade go to international corporations, and the profit margin of Chinese businesses is a mere 2 to 3 per cent. Indeed, China has a trade surplus with the U.S. because of the countless number of its people who work hard. However, the real beneficiaries are neither China nor any other countries, but big corporations and international capitalism that dominate sovereignties.

Therefore, even if you don't like Trump and his supporters, you must understand the rationality of their existence. Trump is actually giving a voice to those unheard Americans, who have felt ignored by Washington for so long. They are actually the sacrificial lambs of uneven globalisation which leads to a series of negative effects such as deindustrialisation, high debt and high unemployment rates among industrial workers. The 2008 international financial crisis taught us that allowing capital to blindly pursue profit can only create disaster and mislead the working class into losing both jobs and working capabilities.

Therefore, what is the right way to see China's soft power towards the American people? Don't forget the fundamental reason for China's rapid development: its hard-working population and the real economu. In 2017, President Xi Jinping noted at the G20 Hamburg Summit that we should "strike a balance between fairness and efficiency, between capital and labour, and between technology and employment". To achieve this goal, we must ensure synergy between economic and social policies, address the mismatch between industrial upgrading and knowledge and skills, and ensure more equitable income distribution".

In the future, Sino-U.S. relations needs to place more importance on cooperation in education, training, employment, business start-ups and wealth distribution-related mechanisms, as progress on these fronts will make economic globalisation work better. Over recent years, some Chinese enterprises like the Fuyao Glass Industry Group have set up factories in the Rust Belt of mid-western America and provide skills training for

local young workers. That is actually how China's soft power can benefit America, as exports of the labour spirit and the renewal of the real economy.

### SUCCEEDING TOGETHER

A decade ago, when I studied at Harvard Kennedy School as a Fulbright Scholar, Professor Joseph Nye often told us to pay attention to several "Hs" in American soft power, one of which referred to "Hollywood", which indeed attracts the hearts of people around the globe. I did watch plenty of fascinating Hollywood movies and one of mu favourites, entitled Some Like It Hot, which was voted by the American Film Institute as the number one comedy on the list of 100 Funniest Movies, features not only the American idol Marilyn Monroe's best performance but also a well-known line which perfectly concludes the film's theme and, in my opinion, is also applicable when examinina China and America after 40 years of diplomatic relations: "Nobody's perfect".

In January 1979, when Deng Xiaoping and Jimmy Carter shook hands in Washington D.C., it symbolised the reestablishment of formal diplomatic relations between "the odd couple" of China and America whose histories and political-economic systems are vastly different. However, both Carter and Deng promised to "recognise those differences and make them sources not of fear, but healthu curiositu: not as a source of divisiveness, but of mutual benefit," because people who are different have much to learn from each other. In the future, whether it is China or the U.S., or developing or developed countries, only a return to hard work and the real economy will trulu rebalance and recover the world economy. The dream that China has followed is summarised by President Xi Jinping as "A new type of international relations" and "A communitu with a shared future for mankind," which definitely includes both the "Great rejuvenation of the Chinese nation" and "Making America great again". After all, if you really understand that no one can succeed alone, eventually, you will learn about China's diplomatic ideas for multilateralism and common development.



# 06.06 ZHENG YU

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## Multilateralism and Sustainable Development

Multilateralism has a lona historu, but it was institutionalised and practised only after the Second World War. The world economy right after the war was impoverished and disintegrated. Thanks to the establishment of multilateral organisations such as the United Nations, the World Bank, the International Monetary Fund (IMF), and the General Agreement on Tariffs and Trade (GATT), the international economic order was restored, and the world economy entered its golden age of growth during the following three decades. The end of the Cold War witnessed a flourishing in multilateral cooperation and the expansion of globalisation. Almost all countries have liberalised domestic markets and are part of the global market. Trade based on the global value chain has accounted for more than 60% of world trade, resulting in international economic interconnection and interdependence.

#### CRISIS OF MULTILATERALISM

Despite growing integration of the global economy, multilateralism appears to be seriously vulnerable today. The 2008 global financial crisis cut global output and trade growth to their slowest, with more protectionist policies and prolonged trade tension damaging the expansion of globalisation. Between 2009 and 2018, around 15,000 trade interventions were ini-

tiated worldwide. Developed countries accounted for the majority of these discriminatory practices. As the primary architects of the post-war multilateral international system, the United States has now essentially abandoned it and pursued unilateral foreign policy instead. Based on the principle of "America First," President Donald Trump withdrew from the Paris Climate Agreement, the Trans-Pacific Partnership (TPP), the Iran nuclear deal, the UNESCO and the UN Human Rights Council. Trade protectionism and nationalism are on the rise in many European and Latin American countries. The funding crisis of the United Nations and the failure of the WTO Doha Round of negotiations have challenged the legitimacy and effectiveness of international organisations. Why is multilateralism in crisis in a highly integrated global economy?

Since the 1950s, developed countries have been the dominant players in globalisation whereas developing countries were merely passive participants. Thanks to their economic power and well- protected welfare system, developed countries were able to withstand competitive pressure and advance their trade liberalisation agenda. However, since the end of the 20<sup>th</sup> century, developed countries' economic growth has slowed down significantly. Between 1980 and 2018, the share of the Group of 7 (G7) in global economic output declined



from 62% to 46% whereas the share of developing countries increased from 24% to 40%. Developing countries' contributions are represented not only in terms of total output but also in economic growth. At the end of the 1970s, developing countries contributed only 18% of global economic growth. Today, this figure has risen to 70%.

Adam Smith developed the concepts of "progressive state", "stationary state", and "declining state" in his masterpiece "Wealth of Nations". In the 18<sup>th</sup> century, it was China that looked stationary whereas Europe and the U.S. were in their progressive state. Today, much of the developed world, including the US, is stationary. Developing countries diverge in their performance. A small number of high-growth emerging economies are catching up with developed countries. In the middle, a large number of

middle-income countries have experienced rising labour costs and less policy space. They are likely to be stuck in middle-income traps. At the bottom, a number of less developed countries are confronted by both a lack of motivation for development and a lack of state capacity. For these countries, alleviating poverty is still a daunting task. Power transitions in the international economic structure create new drives and obstacles to multilateralism. As the dominance of developed countries declines, developing countries are becoming more active participants in global governance.

#### NEW ISSUES OF SUSTAINABLE DEVELOPMENT

In the past three decades, the world has made remarkable progress in poverty re-



duction. The percentage of the world population who live below the global poverty line –USD 1.9 a day – declined from 36% in 1990 to 10% in 2015, but it is still far from the goal of eliminating poverty by 2030 set by the United Nations Sustainable Development Goals (SDGs). According to a new UNDP report, about 23% of the world population are multidimensionally poor. Of them, more than two-thirds –886 million people – live in middle-income countries, and about 440 million live in low-income countries.

Absolute poverty is a lesser problem for developed countries, but they are more concerned about rising inequality. During the golden age of globalisation (1988-2007), the income of the lower middle classes in developed countries barely grew whereas the income of the top one percent grew

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THE PRIMARY GOAL OF MULTILATERALISM IN THE 21ST CENTURY IS TO PROMOTE GLOBAL SUSTAINABLE DEVELOPMENT much faster than that of the rest of society. Particularly in the U.S., the gap between the top one percent and the rest increased threefold between 1979 and 2007, reaching a historical level.

Traditionally, foreign aid has been the primary external source that developing countries could access to alleviate poverty, but this is not enough to provide an effective solution, nor can it help developing countries to accelerate and sustain their economic growth. According to an UNC-TAD estimate, developing countries need to invest at least USD 2.5 trillion per year in order to achieve the 17 SDGs. The total amount of ODA from developed countries is only about USD 15 billion per year.

Over the past three decades, China has had the most successful experience in reducing poverty with more than 700 million people being lifted out of this situation. Sustained economic growth is fundamental to poverty reduction. Industrialisation is a key driver behind China's economic growth and is also regarded as the necessary pathway for less developed countries to achieve economic prosperity. In theory, with the spreading of technology and capital from industrialised to developing countries, the latter grow faster and eventually catch up with the former. In practice, however, economic catch-up has only taken place in a small number of countries with good human-capital starting conditions. Development convergence is the exception, not the norm.

For the majority of developing countries, industrialisation has not become the engine of economic development and catch-up. Instead, deindustrialisation is a concern for both developed and developing countries. Technological progress, changes in demand, and intensified competition are the major factors behind deindustrialisation. The impact of technological progress is more obvious in low-tech sectors. Not only have job opportunities disappeared, but income levels have also declined. However, with the sluggish economy and rising unemployment, maintaining generous social welfare is difficult for both developed and developing countries. Trade liberalisation and immigrants have become the scapegoat of domestic problems. In both developed and developing countries, trade protectionism and nationalism are on the rise.

What are the origins of these development problems? Labour-saving technological progress, shifts in the structure of demand, and intensified competition are behind premature deindustrialisation in developing countries. Low-skilled sectors that are more easily replaced by digital technologies are particularly vulnerable. They suffer from not only massive job losses but also declining income levels. However, in a scenario of slow growth, rising unemployment, and declining social welfare, trade liberalisation and immigrants are more likely to be targeted as scapegoats. As a consequence, protectionists and nationalist tendencies are on the rise in both developed and developing countries, which are major obstacles to globalisation.

#### WHAT KIND OF MULTILATERALISM DOES THE WORLD NEED?

Global problems require global solutions. The United Nations SDGs are the blueprint to achieve a better, more sustainable future for all. This means that development is no longer a problem only for developing countries. Countries at different stages of development all face challenges. If multilateralism fails, both developed and developing countries will be unlikely to achieve these goals. Multilateralism is traditionally defined as "an institutional form which coordinates relations among three or more states on the basis of "generalised" principles of conduct". One key feature of multilateralism is "diffuse reciprocity" so that more countries benefit from cooperative liberalisation. In theory, diffuse reciprocity can bring benefits to all participating countries. In reality, however, post-war multilateralism was not balanced, with a few major powers dominating international affairs. Developing countries were underrepresented and non-influential in the global arena.

The primary goal of multilateralism in the 21st century is to promote global sustainable development. The most important task is to eliminate entrenched poverty. For the past decade, global wealth has increased by 80% from USD 200 trillion to USD 360 trillion, but around three billion individuals -57% of adults- have income of below USD 10,000. In fact, in many developing countries, the percentage of the population who live in absolute poverty has barely changed. The real problem of globalisation is not about wealth creation. It is about wealth distribution. To make globalisation more open, inclusive, and development-oriented, the world needs "diffuse development", not just "diffuse reciprocity".

The good news is that joint efforts are being made among many countries to revive multilateralism. Since the global financial crisis, China and other emerging market economies have become the leading defenders of globalisation. They are motivated to support globalisation, not just because they are the major beneficiaries of trade liberalisation, but also because their improved domestic welfare systems enable them to be more open internationally. At the UN General Assembly convention in September 2019, a group of countries led by Germany and France launched the Alliance for Multilateralism, aiming to revive the spirit and practice of international cooperation. In November, the agreement to establish the Regional Comprehensive Economic Partnership (RCEP) was signed after seven years of negotiation. The fifteen-country trade deal was set to be the world's largest when operational, including 30% of global GDP and 40% of the world's people. Since the WTO's Doha Round negotiations have stagnated, RCEP offers an optimistic alternative for multilateral trade liberalisation.

However, achieving sustainable development needs more than joint efforts from national governments. It also requires cooperation between the public and private sectors, traditional and new international organisations, as well as national and regional intergovernmental agencies. In other words, the world needs multidimensional multilateralism.



## 06.07 ZHU FENG

### DIRECTOR OF THE INSTITUTE OF INTERNATIONAL RELATIONS, NANJING UNIVERSITY

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# China: an Important Member of the "Backbone of Development" in the World

The history and theories of international relations have proved that development is the best way to reduce conflicts between states, mitigate the tensions of domestic race relations, and eliminate the threats to human society from extremist forces such as terrorists. The concept of "development" in world politics nowadays not only simply indicates the growth of economics, employment and income, but also includes social justice, equality, and the democracy and legality of social governance structures. In the 21st century, development emphasises harmony and mutual support between human beings and the natural world, and between the economic environment and the natural environment. The United Nations' advocacy of "sustainable development" has brought the idea of environmental and ecological protection to the primary goal of economic development. In addition, the concept of development gradually incorporates various fields such as the rationalisation of demographic structures, improved universal education, a new lifestyle of resource conservation and environmental protection, and industrial policy oriented by scientific and technological innovation. Equitable, rational, sustainable development is increasingly becoming the endogenous driving force behind a new round of globalisation, and an essential path towards national and regional prosperity and stability.

In the past 20 years of global development, China has undoubtedly occupied a significant position. Its 40 years of opening-up and reform have told the "China storu" which has also contributed to world development. China's achievements benefited from its leadership's 40-year adherence to the motto "concentration on construction and development." As a country with the largest population in the world, huge differences in regional development, and heavy burdens of traditional institutions, China's development initially lacked advantages like natural conditions and early westernisation progress like in India, and in some Southeast Asian and Latin American countries. Nevertheless, China's development in the past 40 years sufficiently demonstrates that the idea and determination of "concentration on construction and development" has enabled China to perform an economic miracle.

In 2000, China's GDP was only 10 per cent of America's; by 2017, China's GDP had reached 60 per cent of America's. China's college acceptance rate of high-school graduates was 40.8 per cent in 2000 but had increased to 58.2 per cent in 2017. The strict "one-child policy" ended in 2000 and was replaced by a "two-child policy" in 2017. In 2000, China's environmental and ecological conditions suffered from severe contamination due to industrialisation. In 2017, comprehensive ecological governance became the most crucial task for the government. Beijing, which was often poisoned by smog, has substantially improved its air quality and has regained clear skies. President Xi Jinping's advocacy of "beautiful scenery is the gold and silver mines" has become deeply rooted in people's minds. In terms of the development of social justice, the Chinese government actively promoted "targeted poverty reduction". Even in backward and remote mountainous areas, and central and western regions, supporting projects led by governments at all levels helped a large part of the population to overcome poverty.

Under the driving force of "development," China's domestic and international policies underwent historical changes. From 1949 to 1979, China was involved in foreign wars and military border clashes on five occasions and was one of the most "belligerent" countries in the world. However, from 1980 to 2017, China did not participate in any large-scale foreign military conflicts. Although China still faces continental and maritime territorial disputes over the borders of the South China Sea, East China Sea, and with India, dialogue, negotiation and pragmatic cooperation are always the basic principles for China to deal with problems. For example, China and ASEAN have started the COC (Code of Conduct) negotiation, hoping to reconstruct an order based on regulations in controversial areas of the South China Sea. Furthermore, China's public order and social security situations are much better than some developed countries in Europe and America. More importantly, a quickly developing China is becoming a significant power in the new historical progress to promote global development, benefit international society, and further stimulate its own development.

In October 2013, President Xi first initiated the Belt and Road Initiative aimina to construct an economic community offering greater convenience, wider geographical coverage, and a tighter and faster combination of productive factors through strengthening the infrastructure connections between China and its neighbouring countries. It is an idea to make the spirit of development go beyond Chinese territory, neighbouring areas of China, and intercontinental geographical barriers, establishing a closer-knit political, economic, social and cultural "development circle". China's Belt and Road Initiative is essentially a trans-regional "development initiative," a desire to build a high-quality platform to connect its development experience and capability with overseas markets and economic elements, and a need to expand China's development ability from trade to overseas business district construction. In fact, the Belt and Road Initiative reflects China's scaled potential and need for development. Until 2017, China's GDP had reached USD 12 trillion. A large amount of raw materials for manufacturing industries and agricultural and ancillary products depend on imports,

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A QUICKLY DEVELOPING CHINA IS BECOMING A SIGNIFICANT POWER IN THE NEW HISTORICAL PROGRESS TO PROMOTE GLOBAL DEVELOPMENT, BENEFIT INTERNATIONAL SOCIETY, AND FURTHER STIMULATE ITS OWN DEVELOPMENT.

while China's manufacturing industries need more international markets. The Belt and Road Initiative is based on a realistic need to become an integral part of the world to further China's development.

Extending the internal impetus and demand of China's development to the rest of the world comes from a common need for global development and for China's further economic growth, as well as an opportunity for the developing world to benefit from economic increases. In the period from 2008-2017, China's total amount of interest subsidies, lowinterest loans, and government assistance to African and Latin American countries surpassed those of developed countries for the first time. In 2015 and 2018, China announced it would give USD 120 billion in development assistance to African countries. This aid did not only include free financial aid and soft loans from the government but also took in project development loans and import-export financing loans offered by Chinese commercial banks. With the stimulation of China's development capabilities, economic and trade ties between China and Africa were strengthened. The value of trade between Ching and Africa increased from USD 70 billion in 2010 to USD 170 billion in 2017. China's



investment programs in Africa employ a large number of African workers, not only enhancing the employment rate and tax revenue of local governments but also promoting unprecedented economic growth in some African countries such as Ethiopia. A report from the World Bank states clearly that China's economic growth and development strategy have become a powerful engine for global economic growth.

China's economic assistance toward developing countries enriches the international funding sources provided by the IMF and the World Bank's development and aid programs.

Given that the United States has repeatedly refused to increase the upper limit of IMF loans in recent years, China's development aid within the Belt and Road Initiative framework has largely alleviated capital shortage crises in countries like Pakistan and has objectively boosted the economic development of many African countries. Some Western countries have criticised China for pursuing "economic imperialism" in Africa and complain about China bringing developing countries into a "debt trap". These opinions either parochially treat China's assistance to developing countries as competitive interest in geopolitics or alternatively, implement "China Bashing" with ulterior motives and regardless of the truth. In the respect of development aid to and economic cooperation with developing countries, Chinese leaders emphatically deny interference in internal affairs, attachment of political conditions, or any pursuit of geopolitical interests. In the Belt and Road Initiative, Beijing has stuck to the principle of "achieving shared growth through discussion and collaboration" from the very beginning. China's "Belt and Road" construction plan has never been China's so-called "geopolitical expansion strategy". On the contrary, because China lacked a careful assessment of geopolitical strategy and simply focused on geo-economic mutual benefits and cooperation, the "Belt and Road" project now is facing various obstacles and challenges.

Today's world has been in a state of unprecedented flux since the end of the Cold War. The U.S. Trump administration is recklessly carrying out nationalist economic policies, pounding the world with tariffs and sanctions to pursue "America first" protectionism. The liberal global trade order is at stake, and emerging economies are widely suffering from monetary and debt crises. The world economic outlook is becoming a bleak one. Faced with such a severe test, Beijing is still confident that it can speed up its rollout of reform and open up further domestically. In the meantime, it is injecting vitality into global economic growth, and is showing international society its determination to take its responsibility. China demonstrates its role in today's world politics with actions, with Beijing becoming an important member of the "backbone of development". By doing this, China is expecting that by keeping faith in "a community with a shared future for mankind," more states will line up for the construction of a better world, and areet a new wave of political, economic and social development in the 21<sup>st</sup> century together.





### 06.08 KAREN A. TRAMONTANO

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## Multilateralism at a Crossroads

On 9 November 2018, United Nations Secretary-General António Guterres confronted the members of the UN Security Council with concerns regarding the weakened state of international multilateralism, arguing that "there is anxiety, uncertainty and unpredictability across the world. Trust is on the decline, within and among nations. People are losing faith in political establishments – national and global... it often seems that the more global the threat, the less we are able to cooperate."<sup>1</sup>

Secretary-General Guterres' comments echo a worry increasingly vocalised by many politicians, world leaders, and academics. The relatively recent shift in the world order – widely recognised as unipolar and U.S.-led following the end of the Cold War but now increasingly bi- or multipolar with the rise of China and other emerging economies – appears to have shaken the foundations of the very multilateral institutions with the potential to stabilise the transition.

The most prominent of today's multilateral institutions were developed in direct response to the global trauma of World War II. A return to stability, both politically and economically, and avoidance of further war had become international priorities. Upon their establishment in 1944 and 1945 respectively, the Bretton Woods Institutions (the International Monetary Fund and the World Bank) and the United Nations sought to rebuild the post-war economy, promote economic integration, maintain global peace, and support cooperation among nations. The U.S. was a driving force in their founding and a key supporter in their early efforts. As a major world power and leading provider of political and economic capital, the U.S. had the opportunity to shape and guide these institutions, and therefore the small and mid-level powers that joined them, in ways that aligned with American interests and its vision of a "liberal world order."

However, with the growth and development of other nations including China, India, and the European bloc, comparative U.S. influence has begun to decline. At their most basic level, multilateral institutions encourage coordination between world leaders by facilitating opportunities for information-sharing. Though they haven't always lived up to their full aspirations and potential, multilateral institutions are vital elements of the world order that help to equalise great power disparities and enable each state to seek their own interests within more broadly cooperative agreements and strategies. Consequently, the rising power of new nations has increased their influence within the multilateral institutions and, in some instances, has re-

<sup>&</sup>lt;sup>1</sup> "Secretary-General's remarks at Security Council Open Debate on 'Strengthening Multilateralism and the Role of the United Nations.'" The United Nations, 9 November 2018. <u>https://www.un.org/sg/en/ content/sg/statement/2018-11-09/secretary-generals-remarks-security-council-open-debate</u>

sulted in attempts to constrain U.S. action. This is not the first time this has happened – in previous instances, such as during the Cold War when the conflict between the U.S. and Russia paralysed the UN Security Council, the U.S. has temporarily withdrawn from multilateral institutions in favour of acting unilaterally to pursue its foreign policy goals.

The significance of the shift in the world order now, then, is that the decline in U.S. power relative to the rise of other nations has made it more difficult for the U.S. to accomplish its international aims, both within and without multilateral institutions. The resulting domestic criticisms have set the stage for the U.S. to turn inward. The threat of a more permanent U.S. withdrawal from the world stage jeopardizes these institutions that rely on U.S. financial and symbolic support and significantly reduces their potential for addressing global issues. An increasingly multipolar world order and a strong sense of multilateralism would seem to logically go hand-in-hand. However, as the international stage reorients to its new reality, multilateral institutions are at risk of being left behind.

Yet, despite the worst fears and perhaps best efforts of some global leaders, multilateralism and multilateral institutions are not dead. Rather, they are at a crossroads, facing a set of competing challenges that have exposed their weakened structures at an accelerated pace. The first challenge - the leadership challenge - has been spurred by the rise of populist and nationalist rhetoric and the growing number of leaders that employ it. To blame this entirely on U.S. President Donald Trump would be to give him and his "America First" administration too much credit. However, his disregard for political norms and practices and refusal to make

symbolic sacrifices have paved the way for others to similarly spur multilateralism instead of confronting its second challenge – the institutional challenge.

Multilateral institutions like the United Nations (UN), the World Trade Organization (WTO), and the Group of Twenty (G20) have been wholly unprepared to respond effectively to the leadership challenge in two significant and impactful ways. First, they are unprepared to transition from a single, de facto guarantor of leadership (often the U.S.) to a system of numerous countries and actors seeking primary influence. Second, they have shown themselves to be unable to transition from addressing localised and regionally isolated problems to addressing more unconstrained global challenges such as climate change. The survival of multilateralism will depend, in part, on an ability to adjust and adapt to changing circumstances and to fundamentally improve institutional efficacy to remain a valuable forum for international actors who might otherwise prefer unilateral action.

#### THE LEADERSHIP CHALLENGE

A principle irony of *multilateral* institutions is that they are highly dependent on the financial support of their *individual* member countries. Moreover, it is those very countries, including the world's larger powers that are able, at times, to reject the very constraints imposed by multilateralism and to instead act unilaterally. For example, since his election in 2016, President Trump has, in many ways, directed the U.S. on this path, seeking to limit U.S. engagement in the multilateral arena. Notably, the U.S. reneged on the Paris Climate Accords in June 2017 and withdrew from the UN Human Rights Council in



June 2018. President Trump has also questioned the value of U.S. financial support for the UN. As of December 2018, the U.S. had contributed more than \$674 million to the UN's collective budget for 2019, covering approximately 22 per cent of the total requested funds. Other top contributing countries came nowhere close to that level of support: China contributed \$367.9 million or 12 per cent, Japan offered \$262.4 million or 8.5 per cent, and Germany supplied \$186.6 million or six per cent. The combined total of all European country contributions reached only \$844 million.<sup>2</sup>

As a result, the Trump administration's proposed funding cuts to the UN system combined with its extreme scepticism of international agreements have accelerated a veritable *leadership vacuum* – one that China, Trump's primary trade foe, has been quick to step into.

Given China's status as a significant world power that is likely to pursue unilateral ac-

tions, it may seem counter-intuitive that it would seek to fulfil a leadership role supportive of a multilateral regime. Indeed, in the past, China's approach to multilateral institutions has been one of scepticism, viewing opportunities for multilateral engagement as veiled opportunities for cooption by Western powers. In recent years, however, China's approach has seen a marked shift in which Chinese leadership has come to recognise that unilateral action can often fall far short in addressing pressing global challenges and that China's participation in the multilateral system increases its own access to, and support of, countries in the developing world which China sees as valuable business and investment partners.

In this way, China has, in fact, accelerated its strategy to support the multilateral regime, as seen in part by significantly increasing its financial support for the UN peacekeeping system; between 2013 and 2018, Chinese contributions rose from

<sup>&</sup>lt;sup>2</sup> "Assessment of Member States' contributions to the United Nations regular budget for the year 2019." United Nations Secretariat, 24 December 2018. <u>https://undocs.org/en/ST/ADM/SER.B/992</u>

three per cent to 10.25 per cent of the total UN peacekeeping budget.<sup>3</sup> For China, multilateralism now often appears preferable to unilateralism – although frequently only in instances when it suits it. For example, while China is eager to benefit from the international agreements reached at the World Trade Organization, it is much more reticent to allow other UN bodies to appear intervening in China's "internal affairs." <sup>4</sup>

China's adaptive, self-interested strategy for engagement with the UN and other multilateral institutions is not unique among other global actors. The international community should be keen on the fact that there is a major difference between seeking greater influence within the existing multilateral system as opposed to seeking to turn it into a tool solely for national gain. In this respect, it remains unclear which path China will pursue.

In contrast, and among other key global actors, many European Union (EU) member states have a decidedly strong incentive to preserve multilateral institutions, including as a means to counterbalance China's influence. The EU has been limited in this arena, however, by its own internal divisions; Brexit, for example, has raised questions about the stability and future orientation of European economic and security agreements while other EU leaders, like Hungarian Prime Minister Viktor Orban, have interpreted President Trump's dismissal of multilateralism as "permission from if you like, the highest position in the world so we can now also put ourselves in the first place." <sup>5</sup>

In recognition of these challenges, all 28 EU Foreign Ministers met in June 2019 at the Foreign Affairs Council in Brussels to update the "EU Global Strategy" and to reaffirm their commitment to international institutions and multilateral practices. The EU strategy includes a commitment to enhancing public support for multilateralism, thereby attempting to restrain some of the instability brought on by the tensions between the U.S. and China. This effort will include a focus on demonstrating how multilateralism works, through the signing of multilateral agreements like the Paris Climate Accords and through coordinated messaging campaigns. If conducted effectively, this strategy could have a stabilising effect on the current international leadership challenge.

<sup>&</sup>lt;sup>3</sup> "China starts to assert its world view at UN as influence grows." The Guardian, 24 September 2018. https://www.theguardian.com/world/2018/sep/24/china-starts-to-assert-its-world-view-at-un-asinfluence-grows

<sup>&</sup>lt;sup>4</sup> "China and the International Human Rights System." Sceats, Sonya and Shaun Breslin. Chatham House, Oct 2012. <u>https://www.chathamhouse.org/sites/default/files/public/Research/International%20</u> <u>Law/r1012\_sceatsbreslin.pdf</u>

<sup>&</sup>lt;sup>5</sup> "Hungary's Orban praises Trump's 'end of multilateralism.'" Gorondi, Pablo, Associated Press, January 23, 2017. <u>https://apnews.com/71de471223cc486cac44f6c70e448133</u>

<sup>&</sup>lt;sup>6</sup> "EU reaffirms multilateral approach essential for international peace & cooperation." European External Action Service, 21 June 2019. <u>https://eeas.europa.eu/headquarters/headquarters-homepage/64471/</u>eu-reaffirms-multilateral-approach-essential-international-peace-cooperation\_en

<sup>&</sup>lt;sup>7</sup> "Draft outcome document of the Conference." Intergovernmental Conference to Adopt the Global Compact for Safe, Orderly and Regular Migration – United Nations, 11 December 2018. <u>https://undocs.org/en/A/CONF.231/3</u>

Within this seeminaly deepened commitment to multilateralism, the EU Foreign Ministers also took steps to acknowledge the equally pressing institutional challenges in maintaining the multilateral regime. Incorporated within the EU commitment's three strands of action were statements addressing the "need to recognize the changing world we live in and extend multilateralism to new global realities" and addressing the reality that "multilateral organisations must be fit for purpose and this requires reform." 6 The next section of this paper will further outline the opportunities and limitations inherent in confronting these institutional challenges.

### THE INSTITUTIONAL CHALLENGE

The fact remains that simply preserving international institutions, not to mention strengthening them, is a significant challenge when confronted by the uncertainty and irregularity of strong U.S. leadership. In this context, many international actors have taken steps to fill the leadership gap and to press ahead with multilateral agreements absent U.S. engagement. For instance, the UN Global Compact on Migration (GCM) was adopted by 164 of 193 members of the United Nations in December 2018, despite U.S. withdrawal from the agreement one year prior. In a similar vein, no country has followed the U.S. in exiting the Paris Climate Agreement. While these agreements may suggest forward progress, the strength of these agreements, absent U.S. participation, remains a cause for concern.

Indeed, numerous policymakers and activists have argued that neither agreement goes far enough to sufficiently address the salient issues, and many others have noted that neither agreement carries the legally binding force of a formal treaty. The GCM, in particular, does not require signatories to take action beyond what they are already doing. Rather, it punts on the issue, leaving countries in charge of their own immigration policies, while committing them only to improving future cooperation in the international migration space.<sup>7</sup>

These concerns go straight to the heart of the problem of adapting multilateral systems to incorporate a multiplicity of actors in an increasingly multipolar world. In circumstances in which a single leading voice is absent and therefore unable to set a standard that all other actors must rise to meet or otherwise follow, competition for influence between multiple mid-size powers is effectively *lowering* the level at which any compromise can be reached. A veritable "race to the bottom" and the lowest common denominator, as it were.

As a result, agreements that are reached are likely to become progressively weaker as each actor attempts to cede less power and make fewer sacrifices. While it may not always be advisable to have a single power dominating a multilateral system, navigating the desires of numerous smaller powers presents a whole new variety of problems. This emerging and often unanticipated set of issues has been compounded by the new and complex crises facing the international community, including climate change, refugee resettlement, and escalating economic inequality.

Furthermore, the traditional instruments of multilateralism are increasingly plagued by institutional inertia. Multilateral institutions are often content to pursue strategies and processes that have – as noted by the UN Secretary-General in his call for member-states to participate in institutional reforms – led to clogged communication channels. fraamented funding, and a lack of accountability.8 This institutional inertia further underscores concerns reaardina multilateralism's relevance. legitimacy, and overall effectiveness. thereby encouraging the continued disengagement from or supplanting of multilateral institutions by other, sometimes more innovative and flexible formats and arrangements.

For example, regional institutions such as the Organisation of American States (OAS), African Union (AU), and the Association of South-East Asian Nations (ASEAN) demonstrate one such strategy for potentially achieving a more desirable middle ground between strong, constraining multilateral institutions that may dissuade larger powers from engagement and a truly multipolar system where compromise becomes increasinalu difficult. In contrast to the often unwieldy processes experienced in multilateral formats, "minilateralism," as it is known, is fast becoming an increasingly attractive platform in which

### 66 **DESPITE THE WORST** FEARS AND PERHAPS BEST EFFORTS OF SOME **GLOBAL LEADERS.** MULTILATERALISM **AND MULTILATERAL** INSTITUTIONS ARE NOT DEAD. RATHER. ΤΗΕΥ ΔΡΕ ΔΤ Δ **CROSSROADS, FACING A SET OF COMPETING** CHALLENGES THAT **HAVE EXPOSED** THEIR WEAKENED STRUCTURES AT AN **ACCELERATED PACE.**

nation-states form voluntary *ad hoc* groupings in part composed of transgovernmental stakeholders (specialised sub-units of domestic governments) that come together to address specific issues. These

<sup>&</sup>lt;sup>8</sup> "The System is Changing." ECOSCO Operational Activities for Development – United Nations, 21 May 2019. <u>https://reform.un.org/news/system-changing</u>

<sup>&</sup>lt;sup>9</sup> "The New 'New Multilateralism': Minilateral cooperation, but at What Cost?" Patrick, Stewart. Global Summary, 1,2. <u>https://doi.org/10.1093/global/guv008</u>

groupings are finding minilateral agreements uniquely capable of incorporating robust discussions on security and trade, both key topics that have traditionally been dominated by larger multilateral institutional format.

The rise of these more localised, limited institutions suggests that, for small and mid-level states, the desire to work across borders has not been eliminated. Rather, it is the multilateral institutions themselves that have become unappealing, and for which these groupings have served as a substitute. Look no further than the collaboration between the BRICS (Brazil, Russia, India, China, and South Africa), who aim to establish a development bank and contingency fund to offer countries a financial alternative to the World Bank and the IMF.

Notwithstanding its demonstrated success in trade and regional development, minilateralism still seems unlikely to fully overtake the place of the all-encompassing multilateral institution. The world is so intimately interconnected and global issues such as international economic development and climate change require globally coordinated strategies that can only be developed in a multilateral forum.<sup>9</sup>

#### THE PATH FORWARD

It seems unavoidable to state that multilateralism will have to take on a new shape and form as it adjusts to the array of challenges facing the international order. Change is unlikely to come from major

alobal powers whether in instances when they derive benefit from the status quo multilateral structure or when they disparage it. However, instances of disparagement may yet yield unintended positive impacts. For example, rather than taking cues from individual leaders of powerful nations, the future of multilateral engagement and cooperation may very well be led from the "bottom-up." Indeed, civil society organisations and regional institutions are increasingly demanding a voice and are finding previously unheard-of successes in helping both set and drive national and international agendas. The concept of "global citizenship," including among nongovernmental actors, is gaining traction and is, in many instances, combatting the norms and ideas of nationalist rhetoric.

Individual and national leadership is, and always will be, an important driving force in multilateralism. But leadership will change, and new leaders will emerge. While the new world order will require a restructuring of institutions, it is important that these changes not be implemented as a knee-jerk reaction to the current leadership challenge. President Trump may have upended norms within the multilateral system, but for the most part, other world leaders have continued to play by the rules. To enact changes that reflect the multilateral system only as Trump currently sees it would be a mistake. The reformation and reorientation of multilateral institutions should instead reflect opportunities for further participation by mid-level powers and civil society, as well as to develop structures and agreements that incentivise



states to cooperate in new problem-solving formats. No matter how important the U.S. may be, or may have been, to the multilateral order, other international actors must resist the temptation to follow-the-leader and reject multilateralism out of hand.

#### CONCLUSION

Multilateral institutions have yet to catch up to the changing world order and their foundational weaknesses have been exacerbated and exploited. The recent tumult of the multilateral system should be a wake-up call. Multilateralism is not dead, but it is at a crossroads. It must resolve the *institutional challenges* that have been exposed – principally, the competition for influence between emerging powers and widespread unpreparedness to address global, rather than regional challenges. Doing so will reduce the consequences of the *leadership challenges* brought on by state actors who prefer unilateral action.

Multilateralism requires leadership, support, and engagement from numerous major players. Current institutions, however, have been dependent on a single driving force, namely the United States, for far too long. Many of the problems now facing the global community require international coordination and cannot be handled unilaterally; neither the U.S. nor China can singularly halt climate change, resolve the refugee crisis, or fund all the development projects necessary to improve the quality of life across the globe. The threat of disengagement presented by the current leadership challenge has increased the urgency with which these issues must be resolved. Multilateral institutions must be prepared to address long-term and wide-ranging challenges, regardless of the whims of more short-term leaders.

In the same speech in which he referenced the decline in trust and the rise in unpredictability between international actors, UN Secretary-General Guterres also reflected that "In the end, multilateralism is nothing more than countries coming together, respecting one another, and establishing the forms of cooperation that guarantee peace and prosperity for all in a healthy planet." <sup>10</sup>

For all their flaws, multilateral institutions and multilateralism as a whole have played valuable roles and demonstrated significant success in a variety of areas, including reducing youth and maternal mortality, providing development assistance to emerging economies, and preserving human rights. As the global order has changed and new international challenges have arisen, multilateral institutions have been tasked with addressing a whole new range of issues. There is nothing, however, to suggest that they cannot continue to adapt.

<sup>&</sup>lt;sup>10</sup> "Secretary-General's remarks at Security Council Open Debate on 'Strengthening Multilateralism and the Role of the United Nations.'" The United Nations, 9 November 2018. <u>https://www.un.org/sg/en/ content/sg/statement/2018-11-09/secretary-generals-remarks-security-council-open-debate</u>



### 06.09 PETRE ROMAN

PRIME MINISTER OF ROMANIA (1989-1991) AND WORLD LEADERSHIP ALLIANCE - CLUB DE MADRID MEMBER

Petre Roman was elected Prime Minister of Romania in 1989. Throughout his career, he has tirelessly served the country of Romania in a variety of political roles. Petre Roman also served as Special Rapporteur to the North Atlantic Assembly, and as the Acting President of the Parliamentary Assembly of the Black Sea Economic Cooperation.

## Moving from a Complex World to a Complex of Worlds?

A triple question about our world today would be: "are we better off, badly off or a bit off as we were in the pre-globalised world?"

The answer could be "yes", to all of them. The world economy is certainly better off, the people who escaped terrible poverty, especially in China, are again better off, but the majority of the middle class is worse off and a large majority of humans are a bit off as they find the way the powerful behave as being unacceptable and rude.

We have always lived in a complex world, though it was a coherent one when states and leaders everywhere adopted and observed institutional agreements and norms. Today such coherence has been lost. People resent the steamroller of unchecked financial power and that of multinationals. People know that there is no fair, balanced competition. People know that global drive is in the hands of those big organisations.

The extraordinary revival of the sentiment of national dignity stems from this.

In the light of the unconscionable practices of global players, people sometimes look for national solutions. Let us remember that the moral senses of individuals evolved to become self-protective. The deep roots of nations are all about protection. This is a very paradoxical situation: global problems and local solutions.

At the UN General Assembly this year, President Trump hailed national sovereignty above all else and exclaimed: "The future belongs to patriots". Many people living in well-established democracies, for instance, in the US two in three, and Western and Central Europe probably close to one in two, agree with the statement that their country needs a leader "willing to break some rules if that is what it takes to set things right". If applied to international cooperation and relations, then this sentiment certainly goes against multilateralism.

The geopolitical game is once again back in international affairs and, as a consequence, we are moving away from adopting multilateral approaches. We find ourselves again at a *chacun pour soi* moment in time, in which the idea and hope of every country for itself and God for us all prevails. However, our present situation is not one of confidence or trust, it is one of anxiety. The goals of multilateralism advocate less confrontation, more security, more protection for humanity as a whole, and shared prosperity.

The result of this global geostrategic game leads to fewer win-win outcomes reflected in self-righteousness, domination and *fait accompli* attitudes. The return of leaders prone to show themselves could be that the nation, as ever, is the fight, not the place of peaceful conviviality. One cannot fight performatively when the other side is fighting to win.

The only option is to fight to win. The new cold war, between America and China, may split the world into two camps again. But this time, the outcome could be different, leaving everyone worse off. What really matters are the wider effects of the uncertainty created by the trade war. The world's economy is certainly influenced by the trade war but, as some economists say, its ups and downs are more closely related to China's on-and-off struggle to reform its economy and curb unruly borrowing. We can see some remarkable results as China's budget deficit has been narrowed by about 6% of GDP since the beginning of 2017. Nonetheless, we cannot forget the fact that there is more than enough unpredictability in the very nature of social behaviour. When and where did confrontation bring success and peace without a great amount of pain? These days, we are experiencing an impasse in unsustainable agreements. It is time for an approach that is more suited to address complementary topics.

The present trade system, which is under huge strain right now, is clearly dollardominated. In addition, the system works due to the flow of money to the US from reserve-accumulating economies, China being by far the largest, and the flow from US consumers back to those economies. It is a vulnerable system since multilateralism didn't produce a multipolar currency world. On the other hand, China is growing from a much larger base. In 2015, it took more than four yuan of new credit to generate each yuan of GDP growth. In 2018, that multiple fell to 2.5. The annually increased amount is now huge. We criticise some asFEARS, BOTH REAL AND IMAGINED, MAKE THE MARKET PLUNGE. THE MACHINERY OF THE WORLD ECONOMY IS NOT AS RESILIENT AS WE WOULD LIKE IT TO BE.

pects of the Chinese system from the liberal point of view, but it is necessary to see that the world and Europe, firstly, has benefited immensely from China's government flooding its economy with stimuli. The difference between the Keynesian stimulus and state-injected subsidies is not as obvious or dramatic as when it is explained on ideological grounds. State subsidies allocated to fill the lack of productivity are economically Hajek's "The road to serfdom"; but in China, the growth of productivity has been much higher than in the rest of the world over the last twenty years. In the meantime, the world has benefited constantly, with America running vast deficits which ended up supporting global production.

In the absence of a peaceful end to trade hostilities, trading relationships are unravelling. A new form of organisation based on countries forming rival economic blocs and interregional links could occur. The result could be more confrontation and a less multilateral mutual-interest system. Like this, we move from a complex world to a complex of worlds, though more unstable.

An editorial in The Economist recently stated that "Economies are chains of earning and spending, held together by shared expectations that all will continue as normal". But confidence is slippery. Multilateralism is important as a powerful tool to make the world a more synchronised global place. However, the global crisis of 2007-2008 disrupted this trend. Some significant data made the headline in The Economist in July this year: "Less connected".

These data show that during the twelveyear period from 2007-2018, gross capital flows in percentage terms of the world's GDP diminished from 5% to 1.5%, FDI also fell from 3.5% to 1.3% and, not surprisingly, multinationals' profits, as percentages of all listed firms' profits, only dropped from 31.1% to 30.8%. It seems that not only the banks are too big to fail but their profits are included as well! And we know where the flow of profit goes! Considerably more to corporations and their owners than to the workforce.

Multilateralism promotes economic interests and benefits globally, but does it do anything in favour of human dignity?

A great Romanian poet belonging to the Surrealist movement, Ilarie Voronca, wrote in 1916, "The most beautiful poem: the fluctuation of the dollar". It is worth also quoting J.M. Keynes: "The machinery of the world economy...shall be as efficient as possible without offending our notions of a satisfactory life".

Fears, both real and imagined, make the market plunge. The machinery of the world economy is not as resilient as we would like it to be. Some experts have calculated that the economic policy uncertainty index is today six times greater than it was in 2005, due to essentially unresolved trade conflicts.

Many important relationships are accompanied, as I have already mentioned, by randomness. There are cultural and national sensitivities, in this space. Therefore, the outworkings are sometimes strange and unpredictable. A clear example is the failed attempt of a merger between the LSE (London Stock Exchange) and the Deutsche Börse. Brexit is also a compelling example. The Leavers' argument is to assert sovereignty in order to regain control of their destiny while the Remainers argue that you need to be able to pool sovereignty into a larger entity in order to combat global companies. Those arguments do not seem mutually exclusive and yet the present reality is that Britain is bent to the most extreme rupture possible.

We are facing a potential crisis of dissolution of the global institutions.

It is therefore useful to remember what the fundamental mechanisms of global capitalism are. Fernand Braudel, the French historian who studied the long-term development of the capitalistic system, preferred to assign the key role to the monopolies, not to the market.

"The advantage and superiority of capital-



ism consist in the possibility of choice" and "what defines the superior game of the economy is the possibility to pass from one monopoly to another".

With the advent of the big tech companies in the last 10-15 years, the superior game seems relentlessly in their power.

Now as ever, the big companies have understood the functioning of the market perfectly and have the capacity to distribute/ allocate capital for new investments and industrial production in order to obtain maximum profit.

When a big company disappears, "capitalism is dying, that of the grandfather and the father, not that of the son or the nephew".

Monopolies do survive in the form of exclusive access to information about supply and demand and, in some cases, formal control of the sources of supply, of distribution networks and sometimes of customers themselves. Yet, multinational enterprises (MNEs) in host countries generate important direct effects in terms of output, added value, trade and jobs. MNEs roughly account for one-half of international trade and one-third of GDP. An OECD report recently indicated that in such a complex situation "Creating incentives (state policies) for some companies to participate in Global Value Chains on the presumption that international active companies provide important benefits to the host economy, while largely ignoring domestic companies involved in value chains, is not an effective policy approach". Government support for education, training and innovation is crucial to connect a national economy to MNEs and co-operate on a win-win basis.

We are in a hyperlinked world since there are hyperlinks everywhere. This is not to surprise us. The great mathematician



Évariste Galois demonstrated that many problems which are considered totally not-interconnected could be "grouped" and this kind of synthesis shows, fundamentally, an array of "related parties" and as a result, a solution exists.

If nothing is perfectly predictable, nothing is inevitable. We can avoid the collapse of multilateralism. Principles should exist but they are not enough. And the flexibility dictated and expanded by global capitalism is not enough either.

Blending principles with pragmatism is nothing new but, today, such a process could better reflect the ubiquitous presence of technology in our world. The hyper flow of information and huge processing power create new ways of assessing investments.

The computing revolution in financial markets, with machines taking control of investing, including monitoring the economy and allocating capital, should obey the core principles of market regulation.

The big tech companies will probably have a say in designing the international norms which govern the world's digital infrastructure. We are now talking about a corporate foreign policy which, unlike governmental ones, could be coherent, creating trust and attracting customers.

Their involvement should normally ensure more efficient control over privacy and the spread of information. Diplomatic efforts by global companies should be encouraged.

Multilateralism is not the result of one decision; it is a process that seemed natural in the wake of world globalisation. Today, we would like it to be a decision in terms of the lack of something better. Maybe the underlying cause of the "implacable conflict between East and West" - in the words of Daniel Mendelsohn- manifests itself now as ever, even if it is under quite diverse forms. The problems, questions and bright ideas remain pertinent; the certainties are getting old. As a result of endless tampering between the national and the global, there is also a conflict between civilisation and the ugly energies that civilised institutions seek, and often fail, to contain. The institutions that steer the economy must be remade for today's strange new world. Can the world's stability survive when no agreements are properly observed and there is no plan to ensure minimum fairness in the international arena? It would be fair, for example, to examine and calculate the costs of globalisation thoroughly.

We need both shared intentionality and pro-social behaviour.



## 06.10 SEÁN CLEARY

EXECUTIVE VICE-PRESIDENT, FUTUREWORLD FOUNDATION AND WORLD LEADERSHIP ALLIANCE - CLUB DE MADRID ADVISOR

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# A Rules-Based International Order in the Present Era

#### INTRODUCTION

In reflecting on the form of a rules-based international order that is appropriate for the present era, one must clarify the **purposes** of such an order, the **structural and systemic characteristics** that will enable the realisation of those purposes, and the **means** by which the order may be brought into existence.

The rules-based international order with which we have been familiar since 1945 may be described as "...a shared commitment by all countries to **conduct their ac***tivities in accordance with agreed rules that evolve over time*, such as international law, regional security arrangements, trade agreements, immigration protocols, and cultural arrangements." <sup>11</sup> [emphasis added]

#### WESTERN PERSPECTIVES

In an article in 2018, C. John Ikenberry commented on the origins of what he described as the liberal international order: "After the Second World War, the United States and its partners built a multifaceted and sprawling international order, organised around economic openness, multilateral institutions, security cooperation and democratic solidarity. Along the way, the United States became the 'first citizen' of this order. providing hegemonic leadership-anchoring the alliances, stabilising the world economy, fostering cooperation and championing 'free world' values. Western Europe and Japan emerged as key partners, tying their security and economic fortunes to this extended liberal order. After the end of the Cold War, this order spread outwards. Countries in East Asia, Eastern Europe and Latin America made democratic transitions and became integrated into the world economy. As the postwar order expanded, so too did its governance institutions. NATO expanded, the WTO was launched and the G20 took centre stage. Looking at the world at the end of the twentieth century, one could be excused for thinking that history was moving in a progressive and liberal in-

<sup>&</sup>lt;sup>12</sup> G. John Ikenberry, The end of liberal international order?, International Affairs 94: 1 (2018) 7–23; p.7 doi: 10.1093/ia/iix241

### ternationalist direction.<sup>12</sup> (emphasis added)

Ikenberry, like many other authors, argues that this order is now in crisis:

"Trade, alliances, international law, multilateralism, environment, torture and human rights-on all these issues. President Trump has made statements that, if acted upon, would effectively bring to an end America's role as leader of the liberal world order. <sup>13</sup> Simultaneously, Britain's decision to leave the EU, and a muriad other troubles besetting Europe, appear to mark an end to the long postwar project of building a greater union. The uncertainties of Europe, as the aujet bulwark of the wider liberal international order, have global significance. Meanwhile, liberal democracy itself appears to be in retreat, as varieties of 'new authoritarianism' rise to new salience in countries such as Hungary, Poland, the Philippines and Turkey, Across the liberal democratic world, populist, nationalist and xenophobic strands of backlash politics

#### have proliferated."<sup>14</sup> (emphasis added)

Rainer Hildebrand is no less forthright:

"The multilateral, rule-based system of alobal advernance is increasinalu under pressure. Multilateral trade talks under the auspices of the World Trade Organization (WTO) have stalled, while discriminatory bilateralism, economic nationalism and protectionism flourish, leading to a more fragmented world economy. The Paris Agreement on climate protection - though a huge multilateral success with 197 signatories - is jeopardised as the USA, the second biggest greenhouse gas emitter worldwide, has decided to withdraw by 2020. Important regional anchors of stability such as NATO and the EU appear more fragile.... More fundamentally, the ideal and foundations of the liberal world order seem to be challenged, an order in which countries cooperate via multilateral institutions based on shared values such as democracy, open markets and the international rule of law (Maihold 2018)." (emphasis added)

<sup>&</sup>lt;sup>13</sup> Zachary Karabell has argued, however that President's George W. Bush's first term of office was more damaging: <u>https://thehill.com/opinion/white-house/463257-rating-donald-trump-at-least-hes-not-george-w-bush - accessed 20190927</u>

<sup>&</sup>quot;... Bush's first term was an unmitigated disaster whose ill effects still bedevil the world, and from which we have never fully recovered. The fact that Trump occupies so much mind-space — because of his often odious language, lack of world view and utter disregard for law, norms, civility and thoughtful policy-making — seems to have obscured just how little he actually has done compared to his Republican predecessor, who did a lot and caused irreparable harm."

<sup>...</sup> the invasion of Iraq on false grounds and the subsequent chaos due to lack of planning, the sanctioning of torture and encouragement of it beyond U.S. borders, and domestic spying without congressional authorisation – are beyond anything yet done or accomplished by Trump. ...Bush's first term also saw a substantial deregulation of the housing market and the financial markets in terms of due diligence and oversight of bank lending and financial sector risk. That had already begun during the 1990s when Bill Clinton was president and enjoyed wide support among elites in both parties... this loosening and indifference to earlier standards enabled the vast distortions in the financial system that helped set the stage for the massive financial crisis of 2008-2009. ..."

<sup>&</sup>lt;sup>14</sup> G. John Ikenberry, op. cit., p. 7

Ikenberry comments on the emergence of the crisis:

"With the end of the Cold War, liberal internationalism was globalised. Initially, this was seen as a moment of triumph for western liberal democracies. But the alobalisation of the liberal order put in motion two shifts that later became the sources of crisis. First, it upended the political foundations of the liberal order. With new states entering the system, the old bargains and institutions that provided the sources of stability and aovernance were overrun. A wider array of stateswith a more diverse set of ideologies and agendas-were now part of the order. This triggered what might be called a 'crisis of authority', where new bargains, roles and responsibilities were now required. These struggles over authority and governance continue today. Second, the globalisation of the liberal order also led to a loss of capacity to function as a security community. This can be called a 'crisis of social purpose'. In its Cold War configuration, the liberal order was a sort of full-service security community, reinforcing the capacity of western liberal democracies to pursue policies of economic and social advancement and stability. As liberal internationalism became the platform for the wider global order, this sense of shared social purpose and security community eroded." (emphasis added)

Hillebrand approaches the same elements from a complementary, less U.S.-centric perspective<sup>15</sup>:

### IT IS THE PURPOSE OF NORMATIVE SYSTEMS TO ACCOMMODATE DIVERSITY IN SOCIAL CONTEXTS.

"First and foremost, a global shift in power is undermining this existing liberal order... Countries such as China, India, Brazil and Russia, among others, have emerged ... demanding more votes and/or seats at the table in ... the UN Security Council, International Monetary Fund (IMF) and World Bank. They use their influence to re-calibrate the normative cornerstones of the liberal system by re-interpreting concepts such as human rights, market economy and the right to self-determination (Boyle 2016:49). Some emerging countries have started to establish alternative structures, for instance, the BRICS' New Development Bank and the Contingent Reserve Arrangement, institutions that mirror the World Bank and IMF. Moreover, they are operating more proactively and unilaterally, as reflected by China's strategic initiatives in Africa and Asia. All these developments result in a polycentric rather than a Westerndominated world ... not least because the traditional 'rule-takers' and aid receivers in the developing world can now turn to alternative powers and thereby evade US and European dominance (Boyle 2016, Hillebrand 2019).

"In addition, political change in many Western countries has weakened the idea of multilateralism. Some political actors blame neoliberal alobalisation and the multilateral institutions that represent it, for undermining democratically leaitimised policies, such as fair corporate taxation and high social and environmental standards. Others engage in populist 'identity' politics, pushing for anti-liberal, pro-nationalistic courses. They discredit multilateral compromises and time-consuming negotiations, bewailing the loss of national sovereignty. Concomitantly, a new type of political leader has assumed power: one that seems to focus on a narrowlu defined national self-interest and zero-sum outcomes rather than the shared benefits of global public goods. Accordingly, short-lived flexible power coalitions are favoured over long-term, strategic alliances; and populist power demonstrations, aeared toward national audiences. replace restraint and moderation, as demonstrated, for example, by US-President Trump's approach to the trade conflict with China where public threats seem to dominate over functional diplomacy." Emphasis added) THE RUSSIAN VIEW

Over a decade before the flurry of articles by Western authors expressing concern about the demise of the liberal rules-based international order, Russian President Vladimir Putin had delivered an address<sup>16</sup> at the Munich Security Conference in February 2007. Noting that "international security comprises much more than ... military and political stability...[but also] the stability of the global economy, overcoming povertu, economic security and developing a dialogue between civilisations", Mr Putin criticised the "unipolar world" that had emerged, describing it as being defined by "one centre of authority, one centre of force, one centre of decision-making... one master, one sovereign." He argued that this was "...pernicious not only for all those within this system but also for the sovereign itself because it destroys itself from within."

Saying that "...the model itself is flawed because at its basis there ... can be no moral foundations for modern civilisation ... ", Mr Putin criticised "...[u]nilateral and frequently illegitimate actions [by the United States that have]... caused new human tragedies and created new centres of tension... an almost uncontained hyper use of ... military force in international relations ... that is plunging the world into an abyss of permanent conflicts...,[and] greater disdain for the basic principles of international law ... One state ... the United States, has overstepped its national borders in every way." Mr Putin described this as "... extremely dangerous....[as] no one feels safe... [b] ecause no one can feel that international law ... will protect them. Of course,

<sup>&</sup>lt;sup>16</sup> Vladimir Putin, Speech and the Following Discussion at the Munich Conference on Security Policy, 10 February 2007 - <u>http://en.kremlin.ru/events/president/transcripts/24034 - accessed 20190928</u>

<sup>&</sup>lt;sup>17</sup> Xi Jinping speech at 10th G20 Summit - http://www.g20chn.org/English/Speeches/201511/ t20151127\_1636.html - accessed 20190928

such a policu stimulates an arms race... inevitably encourage[ong] a number of countries to acquire weapons of mass destruction. Moreover... new threats ... have appeared, and ...threats such as terrorism have taken on a global character. I am convinced that we have reached that decisive moment when we must seriously think about the architecture of global security...searching for a reasonable balance between the interests of all participants in the international dialogue. Especially since the international landscape is so varied and changes so quickly ... in light of the dynamic development in ... countries and regions."

Referencing the economic advancement of the BRICS, especially China and India, Mr Putin observed that "... the economic potential of the new centres of global economic growth will inevitably be converted into political influence and will strengthen multipolarity." He argued for a greater role for multilateral diplomacy, based on openness, transparency and predictability, with the use of force being an exceptional measure, "...comparable to using the death penalty in the judicial systems of certain states."

Referring to the "peaceful transformation of the Soviet regime" into the Russian Federation, he argued that the world should also not be indifferent to "...various internal conflicts inside countries, to authoritarian regimes, to tyrants, and the proliferation of weapons of mass destruction...". He argued that "...the only mechanism that can make decisions about using military force as a last resort is the Charter of the United Nations. When the UN will truly unite the forces of the international community and can really react to events in various countries, when we will leave behind this disdain for international law, then the situation will be able to change. Otherwise, the situation will simply result in a dead end, and the number of serious mistakes will be multiplied. Along with this, it is necessary to make sure that international law has a universal character both in the conception and application of its norms." (emphasis added)

#### THE PEOPLE'S REPUBLIC OF CHINA

The shock of the global financial crisis led China, after 2008, to conclude that an international order premised on Western mores, and U.S. primacy was no longer sustainable. As its growing economic strength began to translate into political influence, and the Chinese government became more confident about engaging in global governance, Beijing first saw the G20 as a preferred platform from which to advance its view of a beneficial world order. At the 10th G20 Summit on November 15-16, 2015, ahead of the 11th G20 summit in Hangzhou on 4-5 September 2016, Xi Jinping announced China's theme and approach for the 2016 Summit: "Build up an innovative, invigorated, interconnected, and inclusive world economy."<sup>17</sup> (emphasis added)

This Chinese strategy comprised four ele-





ments: (1) innovate for growth, advancing reforms and innovation, defining and grasping new opportunities to strengthen the growth of the world economy; (2) improve global economic and financial governance by enhancing the representation and voice of emerging markets and developing countries and strengthening the capability of the economy to manage risk; (3) construct an open, interconnected world economy, by promoting international trade and investment; and (4) advance inclusive development by implementing the 2030 Agenda for Sustainable Development, eradicating poverty, and realize mutual development.  $^{\mbox{\tiny 18}}$ 

China's global economic strategy, supported by the Asian Infrastructure Investment Bank, the New Development Bank, the Silk Road Fund and the Belt and Road Initiative, recognises that countries are at different phases of development and have different strengths, and aims to align all countries' interests in a cooperative system to promote inclusive and sustainable development and enable an optimal allocation of global economic resources, by integrating economy, society, and environment through effective governance.

In 2019, He Yafei, referencing President Xi Jinping's report to the 19<sup>th</sup> National Congress of the Communist Party of China, pointed out that socialism with Chinese characteristics for a new era includes "making clear that major-country diplomacy with Chinese characteristics aims to foster a new type of international relations, and to build a community with a shared future for mankind."<sup>19</sup>

Against this backdrop, He Yafei has proposed a new discipline of global governance studies in China, with a research methodology that "should transcend sovereign states, transnational corporations regional or interest groups, and observe global issues from the perspective of global history and politics."20 Pointing out that this will be "...distinct from disciplines and theories that originated from Europe and America...", he argues that this new Chinese endeavour "...aims to dismantle the unbalanced global political, economic and cultural structures, and establish an order where justice and righteousness prevail."21 (emphasis added)

#### **INFLEXION POINT**

We are thus at an inflexion point, with political leaders and scholars from around the world recognising that a new international order is needed. In 2015, Background Papers developed for a conference at Chatham House declared:

"The international order established by the victorious allies after the Second World War has been remarkablu enduring. The framework of liberal political and economic rules embodied in a network of international organisations and regulations and shaped and enforced bu the most powerful nations, both fixed the problems that had caused the war and proved resilient enough to guide the world into an entirely new era. "But given its antique origins, it is not surprising that this order now seems increasingly under pressure. Challenges are coming from rising or revanchist states; from unhappy and distrustful electorates; from rapid and widespread technological change; and indeed from the economic and fiscal turmoil generated by the liberal international economic order itself."22

The Royal Institute asserted that the order faced three serious challenges – of legitimacy<sup>23</sup>, equity<sup>24</sup> and self-confidence<sup>25</sup>. These challenges, it argued, did not vitiate the need for a rules-based system, but indicated that the rules needed to be revised, and applied across the system. While the global order of the second half of the 20<sup>th</sup> century was built on a normative and legal structure based on Western values, no pow-

<sup>&</sup>lt;sup>18</sup> Wang Wen, China's Evolving Global Economic Governance Role, Chongyang Institute for Financial Studies, Renmin University of China - <u>https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=22154</u> – accessed 20190928

<sup>&</sup>lt;sup>19</sup> Li Aimin, 'Human Community of Shared Future', Theoretical Nature, Basic Connotation and Chinese Characteristics, Academic Journal of Fuijan Provincial Party School, no 2, (2016): 98-99, cited in He Yafei, China and Global Governance, (trans. Zhou Yan) China Intercontinental Press, 2019

<sup>&</sup>lt;sup>20</sup> He Yafei, op. cit, Preface p. xix

<sup>&</sup>lt;sup>21</sup> He Yafei, op. cit. Preface p xx

er can now found a world order on its values and norms. Sensibly, the Royal Institute counselled that the reform effort should first clarify the aims of the order, and then consider what structure was needed to achieve them. (emphasis added)

### THE PURPOSES OF A RULES-BASED INTERNATIONAL ORDER

One reference point for the teleology of a rules-based international order might be Hedley Bull's assertion, in 1977, that a global society must comprise: "a group of states, conscious of [...] common interests and common values [...] conceiv[ing] themselves to be bound by a common set of rules in their relations to one another."<sup>26</sup> (emphasis added)

This does not require states to align all

national interests or societal values, but it does require them to recognise a certain quantum of common interests and values that justify the subordination of national discretion on occasion, for superior purposes. It does not require nations to abandon their cultures, or states to abnegate their national interests, but it does require them to recognise that the exclusive pursuit of national interests, mindless of those of others, is deleterious to human welfare.

It is the purpose of normative systems to accommodate diversity in social contexts. Adherence to social norms promotes coherent behaviour within a group, allowing members to predict the responses of others with reasonable accuracy. Relatively coherent narratives frame and embed these norms, while social, economic, political and legal institutions provide the context

<sup>22</sup> Chatham House, The Royal Institute of International Affairs, The London Conference, Challenges to the Rules-Based International Order, Session One: The Search for Global Leadership, <u>https://www.chathamhouse.org/sites/default/files/London%20Conference%202015%20-%20Background%20</u> Papers.pdf – accessed 20190926

<sup>23</sup> "For a system based on rules to have effect, these rules must be visibly observed by their principal and most powerful advocates. In this respect, the decision by the George W. Bush administration to invade Iraq in 2003 under a contested UN authorisation continues to cast a long shadow over America's claim to be the principal defender of a rules-based international system. Questioning the legitimacy of US leadership has not eased under Barack Obama, despite his more multilateral approach to problemsolving and reticence in using overt military force. The failure to close the Guantanamo Bay detention facility; the Senate report on the use of torture under the previous administration; the continued use of presidential authority under 'war on terrorism' directives to carry out lethal drone strikes in the Middle East and Pakistan; and the exposure by Edward Snowden of the way US intelligence services used the dominance of US technology companies over the internet to carry out espionage – all have left the United States vulnerable to the accusation that it is as selective as any country about when it does and does not abide by the international norms and rules that it expects of others.

"The danger today is that this questioning of US global leadership has opened the space for other countries to pursue a 'might is right' approach to their own policy priorities. Russia has annexed Crimea in violation of commitments to the Budapest Memorandum, has intervened directly in the conflict in Ukraine, and has laid out a doctrine that brazenly demands recognition of a Russian sphere of influence around its neighbourhood. The Chinese leadership is taking steps to turn its contested claims over islands in the South China and East China seas into a fait accompli. And regional powers in the Middle East, concerned about the current and future US administrations responding to the post-Iraq experience by being more selective in their support for traditional allies, are taking the preservation of their security into their own hands. The question arises, therefore, whether the post-Second World War institutions and rules can survive these challenges to US global leadership."
in which they are enforced. Deference to universally accepted norms in the global system, and compliance with international law, thus promotes the acceptance of each state actor by others, while disregard of norms results in criticism, and, in more serious cases, punitive sanctions.

Achieving international and trans-cultural harmony thus requires collective agreement on what is essential and advantageous for all, while respecting the particularities of experience, perspective and belief that arise from our complex ecology. We need to recognise both the communal nature of humanity, and its different social forms in diverse geographical and cultural-historical contexts. The question, for purposes of policy, is how to address this polymorphic reality.

Complex modern societies, characterised by specialisation, the division of labour, and social coordination, emerged through

<sup>24</sup> The second problem, which is tied to the question of legitimacy, is one of equity, in that a rulesbased order must work to the advantage of the majority and not a minority. This has always been a problem. Ever since the institution of the current international system, any assessment of its fairness and effectiveness was often a matter of perspective. Democracy and respect for human rights were established in Western Europe, but not in the East. Decolonisation reduced formal Western influence in Africa and Asia, but this was often replaced by the informal constraints of debt and foreign economic domination of key market sectors and finance. Freer movement of trade, investment and people stimulated economic growth in the developed and developing worlds, but also threatened cherished notions of culture, identity and religion.

"For much of the past 70 years such problems, though grave, did not threaten the system. The Cold War helped limit their impact, including by allowing the survival of autocratic regimes that limited discontent through oppression. Then the phenomenal economic growth of the post-Cold War era helped spread prosperity and personal well-being to a much larger proportion of the world's population than before. Discontent with the system was not eliminated, but made less apparent. This changed with the global financial crisis of 2008–09. The impact of the crisis was both economic and ideological, spreading dissent among those affected, and exposing the structural weaknesses and unfairness of much of the established international economic system.

"This was particularly apparent in the European Union, perhaps the most rules-based and rulesobservant of all branches of the current international order. Discontent in many member states was triggered by the economic impact of the financial crisis, but it has expanded to include dissatisfaction with the EU's policies on issues such as migration, the Union's elite-led political culture, and the balance of political and economic power within it.

In response, the EU is working its way through an uncomfortable, messy and difficult restructuring programme; for this to be successful it will have to convince member states and their citizens that it can serve them better than in the past, and that it is more open and responsive to their concerns"

<sup>25</sup> "The third problem is one of self-confidence. The longevity of the current international system may have led to the assumption that it was in some way the natural order of things, requiring only occasional repair and defence against particular challengers. This has bred complacency. Many aspects of the order are in fact revolutionary, disruptive and disorderly. They provoke violent and understandable resistance from those who see themselves as champions of their own established order, based on different rules. Global free trade regimes, UN Security Council-sanctioned interventionism, human rights activism on such issues as gay rights, and anti-censorship campaigns are elements of a transformative agenda being actively pursued by Western states and societies. What many in the West see as an attempt to spread the benefits of modernity is perceived elsewhere as an aggressive bid for dominance by Western economic and political interests and by the West's materialism and secularism. To its opponents, the West's refusal to accept that it has such an agenda makes its liberal policies appear all the more sinister. For many regimes, the Western agenda is truly an existential threat."

<sup>26</sup> Hedley Bull, The Anarchical Society: A Study of Order in World Politics, Springer 1977



adaptation and social evolution in different environments, based on the capacity and disposition of people to cooperate under the influence of political narratives buttressed by institutions. The social norms underpinning each polity may be similar at abstract levels, but they are not identical. Actions by states, based on their governments' perceptions of the national interest, and the military, economic, political and cultural capacity that constitute each state's power, influence state behaviour and determine outcomes in interstate relations.

The role of norms and narratives in constituting a sense of national identity and purpose, and in constraining naked pursuit of national interest, is thus not constant—as the behaviour of states as diverse as Turkey, Russia, Brazil, and the United States has made clear in the past five years. Likewise, the extent to which specific norms have permeated national societies is always uncertain until determined empirically. The adaptive response of large parts of the U.S. Republican Party to the idiosyncratic stimuli effected by U.S. President Donald Trump is a case in point.

Meanwhile, states are by no means the only actors in the global landscape today. Corporations, faith groups, other nongovernmental organisations, and, increasingly, activist citizen groups engaging on matters from climate to equity, are significant agents of social, economic and political change.

So, if we need a new rules-based international order, what are our priorities?

Paraphrasing David Held's observation in 2006<sup>27</sup>, a rules-based international order must address three core sets of problems - sharing our planet (addressing the existential challenges of climate change, oceans

and biodiversity), sustaining humanity (addressing poverty and inequality, preventing and resolving conflict, containing the production and use of weapons of mass destruction, and enabling opportunity), and enabling agreement on binding rules (on trade, finance, intellectual property, taxation, terrorism and organised crime).

To address systemic global risks<sup>28</sup>, and protect the shared services of the alobal commons, we need to address many challenges collectively. But trust in governments, business, and other institutions has been undermined (with many persons around the world fearful and angry), because of the tension between (a) citizens' reasonable expectation that national leaders will protect and advance their interests; (b) the impact of global financial integration, long-supply chains, and rapid technological change on working people and the middle classes; and (c) the compromises needed to balance costs and benefits in international and cross-aenerational transactions.

He Yafei<sup>29</sup> has quoted David Held<sup>30</sup> on the

"vast asummetries of life chances within and between nation-states", the effects of tariffs and subsidies in agriculture and textiles in destroying livelihoods in some countries, while protecting them in others; "the emergence of global financial flows that can rapidly destabilise national economies", and "serious transnational problems involving the global commons." Many attribute these inequities to structural and systemic defects in the rules-based international order arising from the principles of stabilisation, liberalisation and privatisation that emerged from the Washington Consensus<sup>31</sup>; their rigid application after 1991 through "shock therapy"<sup>32</sup> by the International Monetary Fund and the World Bank, and in trade negotiations under the auspices of the World Trade Organization: and in counterproductive debates about the extent of common but differentiated responsibilities<sup>33</sup> to combat the effects of emissions of GHGs.

Events over the past two decades—from the global financial crisis and recession, through military conflicts leading to massive displacement of civilian populations and forced migration, to extreme weather events reflecting the risk of crossing

<sup>&</sup>lt;sup>27</sup> David Held, Reframing Global Governance: Apocalypse Soon or Reform!, Routledge, New Political Economy, Vol. 11, No. 2, June 2006. [I have recast Prof. Held's challenges, without vitiating his intent.]

<sup>&</sup>lt;sup>28</sup> See, for example, World Economic forum, Global Risks Report 2019 - <u>https://www.weforum.org/reports/the-global-risks-report-2019</u> - accessed 20190927

<sup>&</sup>lt;sup>29</sup> He Yafei, op. cit. p,22

<sup>&</sup>lt;sup>30</sup> David Held, op. cit.

<sup>&</sup>lt;sup>31</sup> The Washington Consensus is a set of ten economic policy prescriptions constituting the standard reform package for crisis-wracked developing countries agreed by institutions in Washington DC, including the International Monetary Fund (IMF), the World Bank and the U S. Department of the Treasury. John Williamson, What Washington Means by Policy Reform, in: Williamson, John (ed.): Latin American Readjustment: How Much has Happened, Peterson Institute for International Economics 1989. <sup>32</sup> New York Times, Dr Jeffrey Sachs, Shock Therapist, 27 June 1993 - <u>https://www.nytimes.</u> com/1993/06/27/magazine/dr-jeffrey-sachs-shock-therapist.html - accessed 20190928

<sup>&</sup>lt;sup>33</sup> CBDR was formalized in international law at the 1992 United Nations Conference on Environment and Development in Rio de Janeiro. See <u>https://www.britannica.com/topic/common-but-differentiated-</u> responsibilities - accessed 20190927

planetary boundaries—have shown how inadequate our present instruments are for squaring these circles.

The workings of the complex, adaptive earth system in which humanity—now over 7.7 billion strong—is embedded, and the global economic and social systems that we have created, are far too complex to be managed comprehensively. Human society is a complex system, incapable of collective control, as both absolute monarchs, and practitioners of scientific socialism, have learned. Homo sapiens is, moreover, a part of the biogeosphere, a more complex, adaptive system incorporating climate, the oceans, and the biodiversity of our terrestrial and marine environments.

To enable human security and well-being, we need to temper the impacts of human activity on the biogeosphere to avert the risk of disastrous, unintended consequences. While changes in the earth system-from floods and droughts, to earthquakes and volcanoes-have been a source of concern for millennia. aggregate human behaviour is now destabilising the earth system, possibly pushing us past key tipping points. Limiting this damage and the risks it poses to humanity is imperative, but divergent views within and between national polities still frustrate appropriate collective action.34

A rules-based international order that is fit for purpose in present circumstances must thus enable three outcomes: cially equitable and environmentally sustainable;

- sharply reducing poverty and inequality, and enhancing opportunity;
- addressing the sources of global, national and individual vulnerability to promote security at human, national, regional and global scales.

To achieve this, a rules-based order must:

- clarify and embody agreement on the values and norms that will enable our coexistence on one planet, while respecting our cultural differences; and
- significantly improve the quality of global governance by ensuring that our global institutions are both effective and accepted as legitimate by all.

#### ACHIEVING AN APPROPRIATE STRUCTURE AND SYSTEM

We cannot achieve an order that meets these requirements in a vacuum. It requires far more than an intellectual endeavour. We live in a world of states, gathered in international organisations, and state sovereignty, while challenged in many ways, is the foundation of the global order. To advance a Global Agenda that will underpin a new rules-based international order, we need to understand the worldviews of state actors. notably their sense of their interests, and the values they employ in determining them.35 Likewise, we cannot restrict the discussion to governments. Non-state actors, and especially the youth, who will inhabit the order that we seek to construct, have essential voices.

- delivering economic growth that is so- Drawing on the success of the negotiations
- <sup>34</sup> Seán Cleary, Carpé Diem, Climate Innovation Summit, Dublin, 5 November 2018 <u>https://www.researchgate.net/publication/328841058 Carpe Diem</u> accessed 20190928

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in the COP 21 round of the United Nations Framework Convention on Climate Change that led to the Paris Agreement, premised on credible, nationally determined contributions by states to reducing their emissions, and the adoption of the Sustainable Development Goals in the 2030 Agenda, in September 2015, after multi-stakeholder discussions at national and regional levels, the United Nations Secretary-General has thus launched, under the rubric of UN@75 and **Beyond**, "...a forward-looking people-driven global conversation... on how to build a truly global partnership to realise our shared aspirations for a just, peaceful and sustainable future." National dialogues will be conducted throughout 2020 to mark the 75th anniversary of the United Nations, bringing together "... people from all regions and walks of life ... to discuss how we can collectively navigate the gap between the world we want and where we are [presently] headed ... ".

In the document introducing the **UN@75** initiative, UN Secretary-General Guterres has said:

"Tackling issues such as the climate crisis, poverty and inequality, protracted conflict, migration and displacement, and the rapid changes in demography and technology will require effective cooperation across borders, sectors and generations. Failure to do so will have far-reaching consequences for the welfare of our children and grandchildren – and our planet itself.

"But just when we need bold collective

ΤΟ ΔΟΥΔΝΟΕ Δ **GLOBAL AGENDA** THAT WILL **UNDERPIN & NEW** RULES-BASED INTERNATIONAL **ORDER, WE NEED TO UNDERSTAND** THE WORLDVIEWS **OF STATE ACTORS. NOTABLY THEIR SENSE OF THEIR INTERESTS, AND** THE VALUES THEY EMPLOY IN DETERMINING THEM.

action more than ever, multilateralism is being called into question. Unilateralism is on the rise, as the world becomes more multipolar but also more polarised. In many parts of the world, there is a growing disconnect between people and institutions. Renewed support for global

<sup>&</sup>lt;sup>35</sup> Many underlying values—security, dignity, opportunity, justice, equity, reciprocity and sustainability—are well represented in all cultural canons. All societies discourage behaviour that damages social harmony, while bravery and empathy are almost universally promoted. Likewise, respect for the ecosystem promotes individual genetic fitness, and social advantage. But emphasizing what is held in common can conceal what is divergent, leading to illusions of common purpose that misrepresent reality.

cooperation could not be more urgent. "That urgency – expressed by UN Member States in several resolutions – is a driving factor for the UN@75 initiative, which will inspire dialogues across the world to collect diverse perspectives and creative ideas on what is needed to address emerging risks and opportunities.<sup>36</sup> The initiative is aligned with the UN General Assembly's plans to commemorate the 75<sup>th</sup> anniversary under the theme "The future we want, the UN we need", reaffirming our collective commitment to multilateralism.

"Using different communications and outreach tools, the dialogues will explore how renewed commitment to collective action can secure the world we want in 2045 when the UN reaches its 100th anniversary. They will be centered on two simple propositions – (1) the value of dialogue, and (2) the question "what if?" – that can be translated and adapted to spark conversations in all settings: from parliaments to village halls, from classrooms to boardrooms.<sup>37</sup>

"To have value, these conversations must be future-oriented. Young people will therefore be key drivers of the dialogues. As the Secretary-General recently said: "Young people must be able to participate in the decisions that affect their lives. We need to create an enabling environment for young people, where they are seen not as subjects to be protected, but as ... full members

<sup>36</sup> Dialogues will take three forms:

- UN Convened Dialogues (The UN Secretary-General [through personal engagement]. UN Headquarters; Resident Coordinators and Country Teams, Information Centres and Regional Commissions; members of the UN Chief Executives Board (UN specialised agencies) leveraging their partners; UN Global Compact and UN Office on Partnership, reaching out to business community partners and coalitions supporting the 2030 Agenda; Youth Outreach through the Secretary-General's Envoy on Youth, DGC, UNICEF, and UNFPA, ECOSOC Youth Forum and Model United Nations, all with partners; UN staff, and staff associations and the UN pavilion at Expo 2020;
- Global Citizen Consultations (building on successful consultations leading to the SDGs, COP21, and Paris
  climate summits, UN@75 will work with specialised partners to conduct a complementary consultation
  process to develop a deeper evidence base about popular opinion, values, and aspirations);
- Partner-led dialogues hosted by
  - o National governments
  - o Parliaments
  - o Global civil society networks
  - o Academia and think tanks
  - o Philanthropic and business communities
  - o The Bretton Woods Institutions (IMF and World Bank) and Regional Organisations (Organisation of American States), African Union, Arab League, ASEAN, OECD, G20 and others).
- <sup>37</sup> Feedback will be provided through –
- One or more dedicated on-line platforms to help local, national and international leaders to understand the concerns, aspirations and visions of citizens. These may facilitate citizen engagement;
- Social media platforms to stimulate and facilitate deeper interaction;
- Local feedback coordinated by the UN and partners, including civil society institutions;
- The UN 2020 civil society conference/NGO forum (which will discuss dialogue results in June 2020 to inform the UNGA Declaration in September 2020);
- A series of UN High-Level Meetings and Events in the summer and fall of 2020, notably the UNGA High-Level Week in September 2020;
- A series of creative campaigns; all leading to a launchpad for policy discussions or actions after 2020.

of our societies, and as powerful agents for change." The role of youth was also highlighted in the General Assembly's resolution on the anniversary."

The **UN@75** programme will be conducted under the leadership of the UN Secretary-General by the Special Adviser of the Secretary-General for **UN@75**, UN Under-Secretary-General Fabrizio Hochschild, supported by a core team of policy, communications, and advocacy professionals, and the Department of Global Communications.

The aim of this endeavour is to achieve what Hedley Bull described as an acknowledgement of "common interests and common values [...] [and acceptance of] a common set of rules in [states'] relations to one another."<sup>38</sup> This is both urgent and essential.

The U.N Secretary-General's decision to launch these dialogues, provides an opportunity to explore agreement on outcomes, before determining what structures and institutional systems are needed to achieve them. If all participate honestly, the dialogues will allow for reciprocal learning, help overcome prejudice, and undercut fact-free populism. One hopes that the discussions will clarify the values that motivate the objectives of states and citizen groups and shed light on the norms and legal instruments that can advance them. After receipt and analysis of the contributions from these dialogues, a UN General Assembly Open Working Group akin to that assembled for the 2030 Agenda, might be constituted, to reflect on and discuss the proposals, perhaps supported by a synthesis paper prepared by the UN Secretariat. This would allow us to define, drawing from the national dialogues, the shared interests and common values of humanity, the diversity of individual, community and national interests, and the hierarchies of values employed by different communities to order these.

Recognising the need for radical reform of our present structures and systems, including institutions of global governance, regional governance, regional security, and national political governance; free markets, as we have defined them in the past half-century; the relationship between education, training and employment in the face of the greatest technological transformation yet experienced by humanity<sup>39</sup>; and the systems of social coexistence shaped by rapid urbanisation followed by globalisation, which are now under stress in most societies; the UN@75 initiative will afford an opportunity of reflecting on the purpose of a new order, the structure and systems we need to achieve that, and the means by which we can transition to a rulesbased order that will allow us to achieve our collective purposes.

<sup>&</sup>lt;sup>38</sup> Hedley Bull, op. cit.

<sup>&</sup>lt;sup>39</sup> While this transformation is commonly styled the "Fourth industrial revolution", it is more properly the "first post-industrial bio-digital revolution", as it is being shaped by research, development and applications arising from ICT, biotechnology, nanotechnology and neurotechnology, which are transforming all aspects of human existence, well beyond the industrial dimension, and may redefine the essence of humanity itself.



### 06.11 SUSANA MALCORRA

FORMER FOREIGN MINISTER OF ARGENTINA, GOVERNMENT OF ARGENTINA

Susana Malcorra was the Minister of Foreign Affairs and Worship of the Argentine Republic from December 2015 to July 2017. Throughout her career, she has been appointed to several high senior United Nations official positions including Chief of Staff to the Secretary-General. She became Dean of the IE School of Public and Global Affairs in March 2020.

### Global Governance: Goals, Paths and Mechanisms

#### CURRENT STATUS

As the world prepares for the commemoration of the 75th Anniversaru of the creation of the United Nations, it has become apparent that the institutional construct of global governance established after World War II is facing challenges from many constituents. In his 24th September speech at the United Nations, President Trump observed, "The future does not belong to globalists". This declaration signals the stress on the multicultural paradigm. In part, I would argue, it is also a symptom of a certain degree of exhaustion. There is an intuitively recognised need for the multilateral agenda to regenerate itself to be fit for purpose to address this century's salient issues, trends, challenges and opportunities.

At the centre of this malaise is the UN itself. The most democratic institution ever established by humankind seems unable to provide answers to key questions and to have a real lasting impact on the implementation of its mandates. Issues like the reform of the Security Council, with its lack of representativeness, the paralysis often originated by consensus-building among its 193 members, and —of even greater concern— the tendency to defy the values and principles enshrined in its foundational Charter and its three intertwined cornerstones (Peace and Security, Development and Human Rights) look insurmountable in the current context.

The Bretton Woods institutions are seeing the limits of their capacity to deliver on their mandate while feeling increased pressure as a result of their inability to adjust to the power-sharing of the world we live in.

The WTO is also at a standstill due to the confrontation between major powers as well as the serious limitations it is facing in an attempt to push a new agenda after the incomplete, frustrating Doha Round. Its central body, the Dispute Tribunal, has collapsed and, in its weakened state, is unable to operate at a time of escalating tensions and disputes when it is most needed. While all of this takes place, many members are signing bilateral and regional agreements to circumvent the international order with trade deals that replace trade rules.

Signatories of agreements and conventions leave them without any sense of global responsibility and, seemingly, without fully grasping the impact of weakening the fundamental tools that governments agreed upon after arduous negotiations, often through many years of iterative processes and debates.

In times when our interdependency has become greater than ever, new waves of

isolationism and reclusion are taking root and steadily gaining supporters.

In times when the most significant challenges faced by humanity are mainly borderless, the "sovereignty first" approach is expanding at an exponential rate. Climate change, migration, terrorism, cyber-security, nuclear proliferation, the integration of supply chains, taxation systems, pandemics, illegal trafficking (humans, drugs, weapons and money), and threats to oceans and bio-diversity are not able to coalesce enough interest and to build coalitions that have a real impact on generating change.

When scepticism and cynicism prevail, and we collectively lack sufficient stamina to take on the hard work required to rebuild and retool these aged institutions, there is a need for a focused effort to adjust and adapt to a very different reality.

Indispensable global public goods are often not valued as contributors to enhance better opportunities for all and as being complementary to national and local interests. The notion of a zero-sum game seems to dominate above a shared understanding of what are the best solutions for our common planet.

In the quest by some to move forward, there is an increased temptation to foster associations only among the like-minded. This, undoubtedly, is a shortcut to advance in dealing with some of the most urgent problems we face, while we prove unable to galvanize a constructive conversation in larger constellations.

We see "coalitions of the willing" spreading across the multilateral landscape. From peace and security interventions to trade agreements, to development and human



rights actions, the proliferation of smaller groupings that think alike is becoming a new standard.

One must accept that it is better to join (and to be joined by) just a few than not to actively participate at all. The danger is the creation of tribal approaches instead of global ones. This can yield some short-term results for the few who are ready to participate without maximising the fruits brought by all-embracing engagement and, what is worse, it can lead to the creation of ecosystems with shared values that do not recognise (or antagonise) others who differ. Without a legitimate and common space to address differences, it may prove impossible to narrow the existing gaps and divides.

Examples like the G7 and the G20 show how the attempts to reduce membership haven't necessarily led to effectiveness in addressing the problems at hand. While coordination during the 2008 financial crisis alleviated some of its most immediate effects, it is also the case that, in more recent times, new geo-political dynamics



have impeded members from reaching actionable consensus.

The current governance arrangement is not bad in itself or from a theoretical standpoint. It is bad because of the consequences it produces. In this short space, we could mention the main consequences: inability to seriously change the conditions that are rapidly destroying the planet; inability to modify the trend towards increased inequality and the accumulation of wealth in a few hands; inability to provide basic welfare conditions, such as access to food, water, sanitation, health and education services, and peace, to the majority of the world population.

#### SO NOW WHAT?

Explanations of the causes of this situation provide some rationality as to what we are experiencing these days, but that is not what is needed. Our objective should be to find ways and means to redefine the contours of new institutional arrangements that give new meaning to the idea of common purpose.

It is true that although the highest principles and values enshrined in the creation of the multilateral system are based on universal human rights, some interpretations with a "western bias" have shaped its manifestation for the past 75 years.

There is no true recognition of a fast-moving world, in which the 193 member states of the United Nations have evolved beyond the original 50 signatories of the Charter. This is one central element of the described disarray.

There is not enough room for the explicit diversity of member states, the prevailing cultural nuances, the increased participation of civil society and the private sector, and the weight gained by sub-state actors like cities to be present in the design of new solutions.

People, who often challenge the representation of their own political leadership, find it hard to relate to global governance that is too far removed from them, and its inability to communicate the role it plays in establishing frameworks that have an impact in meeting their daily needs and demands.

Complexity, therefore, underpins this multi-dimensional puzzle that already looks close to being unsolvable if only the traditional actors, i.e., the Member States, are considered.

Our goal should be to reset the course of this outdated system based on the core values and principles that humankind shares, while recognising that humanity is not a monolithic block in all matters and at all times. Respect for diversity while investing in building a solid commonality should set our direction. The richness of our differences must be conceived as an asset, not a liability. The opportunities that come from solution-searching from different angles should be valued as a unique capacity for human beings to improve the way they live together and share this common home, which is our planet.

It is clear that the causes for the disarray of the world governance system are complex and intertwined. In addition, these causes can be considered in very different ways, depending on their timeframes. While some of the issues can be analysed with a mid to long-term approach, others require immediate action. Thus, while recognising its capital importance, we can consider that education, while fundamental in terms of sustaining any type of justice and order in society, requires an approach that has a longer-term perspective than hunger.

Therefore, the actors that need to be called in this crisis must be varied, both in terms of their skills and knowledge, as well as in terms of their capacity to act fast.

#### **POSSIBLE PATHS FORWARD**

So far, we have described the state of global governance as we see it. A mere description of the current situation falls short since it can push us into a state of hopelessness that does nothing to meet the demands of the world we live in.

We must remember that we consider the current governance system as inappropriate not in itself, but because of the realities it generates and the environment in which it exists. In analysing the next steps, within the limits of this paper, we shall resort to the famous dictum of Comte "savoir pour prévoir, prévoir pour pouvoir". In other words, we need to know in order to predict and to plan, and with a clear plan, we can act.

Therefore, when analysing ways forward, we must look at three initial areas: (1) what are the main drivers that have brought us to this situation; (2) what do we want to achieve; (3) how can we reverse or put an end to those drivers and start building the future we want.

In considering point (1), if we look at the last forty years, we can see that there are two salient factors. First, the concentration of power that has consistently accompanied the concentration of wealth and its implication in increasing inequality. As an example, the last forty years have witnessed the weakening and, in some cases, the disappearance of organised labour and of most types of influential interest associations across the alobe. The second factor has been the concentration of the media (in particular, new technological actors, such as Facebook and the like) in very few hands. This concentration has transformed vast sectors of the population turning them from citizens into consumers who are mainly concerned with their immediate, individual situations.

In terms of point (2), we are very fortunate in that a magnificent job has already been accomplished with the participation of all sectors of society. In an unprecedented effort, with the active involvement of international organisations, governments, religious institutions, civil society, the private sector, academia and individual citizens, the world has defined "the future we want" in great detail. It is spelt out in the 2030 Agenda for Sustainable Development, which, in its 17 goals, specifies the actions needed in each of the complex areas that make up today's reality to transform them into the reality of tomorrow. Thus, conscious of what has brought us to where we are today, and, with a very clear vision of what we want to achieve, we urgently need to start working on point (3). For those who believe that it is time for action, we must explore possible scenarios that will enable us to move forward. Some of these scenarios can be summarised as follows:

> MAINTAINING THE STATUS QUO seems like the worst possible choice. Drifting institutions, driven by national, sectorial or local interests, without no commitment to changing the current situation, will not achieve the final objective of the foundation or the re-foundation of the new design as reflected in the 2030 Agenda. Many of the defenders of the current status are those who brought us here.

Those who claim for strong global governance are mostly the ones who want to preserve the existing one. This requires sincere, deep soul-searching to decide and invest in something new and different. The driver might simply be that the current trend will end in total defeat of everyone, either through unmanageable conflict fuelled by inequality or by the destruction of the environment.

 ASSOCIATIONS OF THE "ALIKE" appear to be an attractive alternative. We have belaboured on the risks and limitations this approach brings to bear.

It is still a less dangerous option because it enables the new issues of the 21<sup>st</sup> century to be discussed and, eventually, new solutions to be implemented among smaller groups of constituents.

It is a "sub-global" way to address the global challenges mankind is facing. Hence, it is a "sub-optimal" one.

ACCEPTANCE OF BROADER PARTICIPATION BY SMALLER GROUPS FOR LOCAL DECISION-MAKING AND IMPLEMEN-TATION. The 2030 Agenda has already given the driving seat for implementation to each country and, within each country, to the multiple institutions within government, the private sector, associations and civil society in general. No government alone can implement all 17 goals. But they can empower cities, communities and organisations to do it with direct knowledge of needs and, therefore, with the ability to act fast according to the priorities of the real world.

- **REINFORCEMENT OF UNIVERSALITY WITHOUT AIMING FOR FULL CONSENSUS.** The sheer size and complexity of the institutions and the problems we have limit the ability to achieve full membership agreement on all issues at all times without risking paralysis. Therefore, while leaving decision-making and implementation in the hands of smaller actors, large international institutions could concentrate on:
- Monitoring advancement in implementation on a worldwide basis to enable comparisons and complementarity.
- The notion of full consensus as the pre-requisite to decide could be replaced by thresholds which, depending on the issue at hand, establish the bottom line to agree on and to recommend the implementation of actions, for example, in issues related to media concentration or the destruction of the environment.
- At a later stage, those who have not been early adopters can adhere to the agreement if they so choose.
- This approach creates incentives for solution-searching and tends to neutralise potential spoilers who can very easily derail an agreement at a minimum cost.
- This proposal retains the legitimacy of universality while adding efficiency to the process.
- All these negotiations should take place in an open, transparent, democratic setting. This is the case when defining minimum thresholds for agreement, and persuading others on the merits or demerits of a proposed solution. No one is left out of the process.

#### CONCLUSIONS

There should be no illusion that a perfect solution can be easily found. Each possible way to move forward has its advantages and disadvantages.

It is our view that a combination of the third and fourth alternatives maximises the premises on which global governance has been adopted. It is as universal as one can envision without the limitation set by the notion of being "all in" or "all out" in each case.

It enriches the current practice of coalitions (option 2) by setting the stage for negotiations that aim to accommodate all members. It fosters the participation of citizens and reduces the capacity to manipulate public opinion. Not all current institutional arrangements may adapt easily to this new approach. The model could be pushed in environments that seem more conducive to positive outcomes. The General Assembly could lead the way and test the approach to work around certain issues.

Another testing ground could be the World Trade Organization. This model could be considered in order to address the prevailing deadlock and tackle significant questions on services and technology.

If this suggestion were to be considered there is no need for a revolutionary approach. It could be implemented in phases, negotiating issues that members agree to, with agreed specific conditions, enlarging stakeholder participation with established timeframes.

Should this proof of concept work, the existing fear to change by some and the negative mood towards the ability to get things done could be allayed.

In the end, no matter how many theoretical options are examined, nothing can replace the mutual trust among players and their willingness to invest in a better world for all. And, in doing so, are we able to take our global governance to a stage in which we respect our differences but agree on core common values based on peoples' rights?

This remains the key question: in the current geopolitical environment, can we seize the opportunity to work on a way forward in which mutual trust and shared values are the locomotives of change? People, Planet, Peace, Prosperity and Partnership, as defined in the 2030 Agenda, need an answer. IN THE END. NO MATTER HOW MANY THEORETICAL **OPTIONS ARE** EXAMINED. NOTHING CAN **REPLACE THE** MUTUAL TRUST AMONG PLAYERS **AND THEIR** WILLINGNESS **TO INVEST IN Δ BETTER WORLD** FOR ALL.



## 07 PROGRAM

#### "2019 IMPERIAL SPRINGS INTERNATIONAL FORUM" PROGRAM

THEME: MULTILATERALISM AND SUSTAINABLE DEVELOPMENT DATE: NOVEMBER 30 TO DECEMBER 2, 2019 VENUE: IMPERIAL SPRINGS, CONGHUA DISTRICT, GUANGZHOU,

CHINA

#### DAY 1 SATURDAY, 30TH, NOVEMBER

19:00 Welcome Banquet Place: Phoenix Mansion-Main Hall

#### DAY 2 SUNDAY, 1ST DECEMBER

09:45-10:00	Group Photo (Chinese leaders and international leaders)
	Place: Opposite Imperial Hall
10:00-10:45	Opening Ceremony
	Place: Phoenix Ballroom
	Master of Ceremonies: Li Xiaolin, President of Chinese People's As-
	sociation for Friendship with Foreign Countries
	Keynote speeches:
	1. Wang Qishan, Vice-President of the People's Republic of China
	<ol> <li>Vaira Vike-Freiberga, President of Latvia (1999-2007) and President of WLA-Club de Madrid.</li> </ol>
	3. Li Xi, Secretary of the CPC Provincial Committee of Guangdong
	4. Chau Chak Wing, President of the Australia China Friendship and Exchange Association
10:45-11:00	Tea Break
11:00-12:00	Plenary 1: China, Multilateralism and Sustainable Development.
	Place: Phoenix Ballroom
	The 13th Five-Year Plan, approved by the Chinese National People's
	Congress in 2016, highlighted both the then recently approved 2030
	Agenda and the construction of a new type of international frame-
	work. Since then, we have seen China's growing presence as a driver
	of economic development internationally and as a bridge betweer
	the low/middle and high-income countries. In this session, we wil
	look at China's recent decisions in the multilateral sphere against the
	backdrop of its diplomatic relations over the last seventy years and

	attempt to assess how these will evolve in the upcoming years.
	Facilitator: He Yafei, Former Deputy Foreign Minister of China
	Discussants:
	1. Jin Canrong, Former Associate Dean of School of International Studies, Renmin University of China
	2. Danilo Türk, President of Slovenia (2007-2012) and WLA-Club de Madrid Board Member
	3. Hamid Karzai, President of Afghanistan (2004-2014)
	4. Benjamin Mkapa, President of Tanzania (1995-2005) and
	WLA-Club de Madrid Member
	5. Jenny Shipley, Prime Minister of New Zealand (1997-1999) and WLA-Club de Madrid Member
	6. Yves Leterme, Prime Minister of Belgium (2009-2011) and
$\leq$	WLA-Club de Madrid Board Member
12:15-13:45	Luncheon
	Speech by Chinese ministries' officials
NA/	(by invitation only)
	Place: 28 Hole
	Facilitator: Yang Jiemian, Director of Shanghai Institute for Interna-
	tional Studies Academic Committee
	Speakers:
	1. Luo Wen, Deputy Director of National Development
	and Reform Commission
	2. Zhou Liang, Vice Chairman of China Banking and Insurance
	Regulatory Commission
	3. Vaira Vike-Freiberga, President of Latvia (1999-2007) and
	President of World Leadership Alliance - Club de Madrid
14:00-15:30	Breakout Session 1
NO/	A. Multilateralism at a Crossroads
Y	Place: Phoenix Mansion-Ballroom

While 2030 Agenda provides a globally-endorsed framework for sustainable development, an increasing number of political actors and citizens in all regions are calling for national-grown approaches rather than globally or regionally-agreed solutions to a widening range of policy issues. Trust in the traditional institutions of multilateral cooperation is running low and alternative approaches to tackling global challenges, from opaque bilateral negotiations to non-governmental engagement, have been gaining popularity. This Facilitator: Marc Uzan, Executive Director, Reinventing Bretton Woods Committee

#### Discussants:

- 1. Carl Bildt, Former Prime Minister of Sweden and WLA-Club de Madrid Member (1981-1994)
- 2. Dai Xianglong, Former Governor of the People's Bank of China Former Mayor of Tianjin
- 3. Steven Ciobo, Former Minister for Trade, Tourism and Investment, Former Minister for Defence Industry.
- Zhou Qi, Director of Institute of American Studies, Chinese Academy of Social Science
- 5. Zheng Yu, Professor at the School of International Relations and Public Affairs, Fudan University
- James Harrowell, Rotating President of Australia China Friendship and Exchange Association, Special Envoy for Chinese Affairs of New South Wales Government, Australia
- 7. Chen Liming, Senior Vice President of IBM Global / IBM Chairman of the Greater China Region
- Neil Bush, Chairman of the George H.W. Bush Foundation for U.S.-China Relations and son of Former U.S. President George H.W. Bush.

#### **B. 2030 Agenda as a Driver of a Renewed Multilateralism** Place: Phoenix Mansion-Main Hall

Effective and fair multilateral institutions and processes are an important prerequisite for the successful implementation of the 2030 Agenda. The achievement of the SDGs requires a meaningful transformation of international cooperation among countries and international actors and an effective Global Partnership for Sustainable Development as a vehicle for strengthening multilateralism in all modes of cooperation: bilateral, multilateral, north-south, southsouth, etc. This session will give us the opportunity to exchange ideas on how to meet 2030 Agenda commitments in a way that will further the multilateral strategy necessary to achieve the Sustainable Development Goals.

Facilitator: Hiria Ottino, President of Pacific China Friendship Association

Discussants: 1. Zlatko Lagumdzjia, Prime Minister of Bosnia & Herzegovina

(2001-2002) and	WLA-Club o	de Madrid	Member
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- 2. Laura Chinchilla, President of Costa Rica (2010-2014) and WLA-Club de Madrid Vice-President
- 3. Zhang Weiwei, Director of the China Institute at Fudan University
- 4. Peter Leahy, Former Commander of the Australian army
- 5. Gan Chee Eng, President of Amway Asia, Chairman of Amway China
- 6. Wang Wen, Executive Dean of Chongyang Institute for Financial Studies, Renmin University of China
- 7. Noeleen Heyzer, Former Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific and WLA-Club de Madrid Advisor
- 8. Andrei Chevelev, Chief of the Asia-Pacific Unit of the Sector for Priority Africa and External Relations at UNESCO
- 9. Mirko Cvetković, Former Prime Minister of Serbia (2008-2012)
- 10. Nathalie de Gaulle, President of NB-INOV. Great-granddaughter of former French President Charles de Gaulle.

#### Tea Break

16:00-17:30

15:30-16:00

Breakout Session 2

#### C. Climate in Multilateral Mode - The Paris Agreement Place: Phoenix Mansion Ballroom

Numerous multilateral initiatives have arisen to tackle the threats posed by global warming. The Paris Agreement of 2015 was a major breakthrough in multilateral efforts to address the challenge of climate change reflecting, not only the sense of urgency but the commitment of a vast majority of the countries around the world to join forces in addressing the root causes of the threat and work to reduce greenhouse gas emissions and strengthen mitigation efforts over time. The synergies between these global commitments and multilateralism will be the focus of the discussion of this session.

Facilitator: Ding Yifan, Senior Fellow of the Institute of World Development, under the State Council's Development Research Center

#### Discussants:

- 1. Pan Qingzhong, Executive Dean and Professor of Schwarzman College, Tsinghua University.
- 2. Ivo Josipovic, President of Croacia (2010-2015)
- 3. Valdis Zatlers, President of Latvia (2007-2011)
- Festus Mogae, President of Botswana (1998-2008) and WLA-Club de Madrid Member
- 5. Georgina Higueras, Vice-president of Cátedra China and Director

- of Foro Asia in Foro de Foros Foundation
- 6. Christopher Cox, Vice President of BrightSphere Investment Group Asia, USA. Grandson of former US President Richard Nixon.
- 7. Frank Alafaci, Executive Board Member, Australia China Friendship and Exchange Association
- 8. Filip Vujanović, President of Montenegro (2003-2018)

#### D. Global Governance – New Concepts and New Measures Place: Phoenix Mansion-Main Hall

The world is undergoing a process of structural transformation in multiple dimensions: technological, economic, cultural, and institutional. The interweaving and impact of changing factors have shaken the development of global governance. The meaning and structures of global governance need to be clarified as does its relationship with the key demands of sustainable development. Based on the exchanges in previous sessions, this session will allow us to identify and discuss possible new paths to renewed multilateralism. Particular focus will be placed on climate change and sustainable development aspects as key elements of current multilateral commitments and drivers of a new, rules-based international order.

Facilitator: Manuel Muñiz, Dean IE School of International Relations and Rafael del Pino Professor of Practice of Global Leadership.

#### Discussants:

- 1. Mehdi Jomaa, Prime Minister of Tunisia (2014-2015) and WLA-Club de Madrid Member
- 2. Jadranka Kosor, Prime Minister of Croatia (2009-2011)
- 3. Petre Roman, Prime Minister of Romania (1989-1991) and WLA-Club de Madrid Member
- 4. Liu Mingkang, former Chairman of China Banking Regulatory Commission
- 5. Chen Dingding, Professor and Associate Dean of Research School of 21st Century Silk Road
- Mikhail Fedotov, Former Permanent Representative of the Russian Federation to UNESCO, Former Minister of Press and Information of the Russian Federation
- 7. Shen Weixing, Deputy Editor-in-chief of Guangming Daily.
- 8. Zhu Feng, Director of Institute of International Relations, Nanjing University

Formal Banquet Place: Phoenix Ballroom

	Speakers:
	1. Li Xiaolin, President of Chinese People's Association for Friendship
	with Foreign Countries
	2. Vaira Vike-Freiberga, President of Latvia (1999-2007) and
	President of WLA-Club de Madrid.
	3. Ye Zhenqin, Member of the Standing Committee of the CPC
	Provincial Committee of Guangdong
	4. Chau Chak Wing, President of the Australia China Friendship and
	Exchange Association
DAY 3 MON	DAY, 2ND DECEMBER
09:00-10:15	Plenary 2: Shaping a new rules-based international order
JA/A	Place: Phoenix Ballroom
	To mark its 75th anniversary in 2020, the United Nations has
	launched a global conversation on the role of global cooperation in
	building the future we want. This United Nations initiative will serve
$\leq$	as a background for this session, in which strategies to strengthe
	our multilateral approach and relations will be shared and assessed
	Facilitator: Séan Cleary, Executive Vice-Chair of Future World Foun
	dation, WLA-Club de Madrid Advisor
	Discussants:
	1. Massimo D'Alema, Prime Minister of Italy (1998-2000)
	2. Yukio Hatoyama, Prime Minister of Japan (2009-2010)
$\leq$	3. Fabrizio Hochschild, Under-Secretary-General and Special
	Adviser to the Secretary-General, United Nations.
	4. Rosen Plevneliev, President of Bulgaria (2012-2017)
	5. Noeleen Heyzer, Former Executive Secretary, UN Economic and
	Social Commission for Asia and the Pacific and WLA-CdM Adviso
	6. Yang Jiemian, Director of Shanghai Institute for International
YAC	Studies Academic Committee
10:15-10:30	Tea Break
10:30-11:45	Wrap-up Plenary
YAC	Place: Phoenix Ballroom
	This session will allow us to reflect on the ideas expressed in this 2019
	edition of the Imperial Springs International Forum. To do so, fou
	former Heads of State and Government from different regions will be
	sharing their expectations in relation to multilateralism and sustain

Facilitator: He Yafei, Former Deputy Foreign Minister of China

Discussants:

- 1. Carl Bildt, Former Prime Minister of Sweden and WLA-Club de Madrid Member
- 2. Jenny Shipley, Prime Minister of New Zealand (1997-1999) and WLA-Club de Madrid Member
- 3. Olusegun Obasanjo, Former President of Nigeria and WLA-Club de Madrid Member
- 4. Han Seung-soo, Former Prime Minister of Korea and WLA-Club de Madrid Member
- 5. Bruce Golding, Prime Minister of Jamaica (2007-2011)
- 6. Mladen Ivanic, President of Bosnia and Herzegovina (2014-2018)

#### 11:45-12:15

#### Closing Ceremony Place: Phoenix Ballroom

Concluding remarks:

- 1. Xie Yuan, Vice President of Chinese People's Association for Friendship with Foreign Countries
- 2. Vaira Vike-Freiberga, President of Latvia (1999-2007) and President of World Leadership Alliance - Club de Madrid
- 3. Ye Zhenqin, Member of the Standing Committee of the CPC Provincial Committee of Guangdong
- 4. Chau Chak Wing, President of the Australia China People's Association for Friendship with Foreign Countries

Final Statement of 2019 Imperial Springs International Forum.

He Yafei, Former Deputy Foreign Minister of China





# 08 PARTICIPANTS

#### CHINESE DIGNITARIES AND LEADERS OF CO-ORGANIZERS

Vike-Freiberga, Vaira	President of the WLA-CdM. President of Latvia (1999-2007)
Wang Qishan	Vice President of the People's Republic of China
Li Xi	Secretary of the CPC Provincial Committee of Guangdong
Ma Xingrui	Vice Secretary of the CPC Provincial Committee of
	Guangdong, Governor of Guangdong Province
Li Xiaolin	President, Chinese People's Association for Friendship with
	Foreign Countries
Chau Chak Wing	President of the Australia China Friendship and
	Exchange Association
	Chair of the Asia-Pacific Region World Leadership Alliance
	– Club de Madrid President's Circle
	Founder and Chairman of the Kingold Group
Laura Chinchilla	Former President of Costa Rica
	Vice President of World Leadership Alliance - Club de Madrid
Yves Leterme	Prime Minister of Belgium (2009-2011), World Leadership
	Alliance - Club de Madrid Board Member
Danilo Türk	President Slovenia (2007-2012), World Leadership Alliance -
	Club de Madrid Board Member
María Elena Agüero	Secretary General of World Leadership Alliance -
	Club de Madrid

#### FOREIGN FORMER DIGNITARIES

Carl Bildt	Prime Minister of Sweden (1991-1994), WLA-CdM Member
Valdis Birkavs	Prime Minister of Latvia (1993-1994), WLA-CdM Member
Mirko Cvetković	Prime Minister of Serbia (2008-2012)
Massimo D'Alema	Prime Minister of Italy (1998-2000)
Bruce Golding	Prime Minister of Jamaica (2007-2011)
Yukio Hatoyama	Prime Minister of Japan (2009-2010)
Mladen Ivanic	President of Bosnia and Herzegovina (2014-2018)
Hamadi Jebali	Prime Minister of Tunisia (2011-2013), WLA-CdM Member
Mehdi Jomaa	Prime Minister of Tunisia (2014-2015), WLA-CdM Member
Ivo Josipovic	President of Croatia (2010-2015)
Hamid Karzai	President of Afghanistan (2004-2014)
Jadranka Kosor	Prime Minister of Croatia (2009-2011)
Zlatko Lagumdzija	Prime Minister of Bosnia & Herzegovina (2001-2002), WLA-CdM Member
Benjamin Mkapa	President of Tanzania (1995-2005), WLA-CdM Member
Festus Mogae	President of Botswana (1998-2008), WLA-CdM Member
Olusegun Obasanjo	President of Nigeria (1976-1979; 1999-2007), WLA-CdM Member
Punsalmaa Ochirbat	President of Mongolia (1990-1997), WLA-CdM Member
Rosen Plevneliev	President of Bulgaria (2012-2017)
Petre Roman	Prime Minister of Romania (1989-1991), WLA-CdM Member
Jenny Shipley	Prime Minister of New Zealand (1997-1999), WLA-CdM Member
Han Seung-soo	Prime Minister of Korea (2008-2009), WLA-CdM Member
Filip Vujanović	President of Montenegro (2003-2018)
Valdis Zatlers	President of Latvia (2007-2011)

#### EXPERTS, SCHOLARS AND REPRESENTATIVES FROM BUSINESS CIRCLES

Niclas Ahlstrom	Founder, Made by Choice
Frank Alafaci	Executive Board Member, Australia China Friendship and Exchange Association
Neil Bush	Son of Former U.S. President George H.W. Bush and Chairman of the George H.W. Bush Foundation for U.SChina Relations.
Chen Dingding	Professor and Associate Dean of Research School of 21st Century Silk Road
Chen Liming	Senior Vice President of IBM Global / IBM Chairman of the Greater China Region
Andrei Chevelev	Chief of the Asia-Pacific Unit of the Sector for Priority Africa and External Relations in the United Nations Educational, Scientific, and Cultural Organisation (UNESCO).
Steven Ciobo	Former Minister for Trade, Tourism and Investment, Former Minister for Defence Industry, Government of Australia
Sean Cleary	Strategic Concepts LTD, Chairman and WLA-CdM Advisor
Christopher Cox	Grandson of former US President Richard Nixon and Vice President, BrightSphere Investment Group Asia, USA
Dai Xianglong	Former Governor of the People's Bank of China Former Mayor of Tianjin
Rafael Dezcallar	Ambassador of Spain to the People's Republic of China and Mongolia, Ministry of Foreign Affairs of Spain
Ding Yifan	Senior Fellow of the Institute of World Development, under the State Council's Development Research Center
Mikhail Fedotov	Former Permanent Representative of the Russian Federation to UNESCO, Former Minister of Press and Information of the Russian Federation
Gan Chee Eng	President of Amway Greater China and Asian Area
Nathalie de Gaulle	Great-granddaughter of former French President Charles de Gaulle and President of NB-INOV
James Harrowell	Rotating President of Australia China Friendship and Exchange Association, Special Envoy for Chinese Affairs of New South Wales Government, Australia

He Yafei	Former Deputy Foreign Minister of China
Noeleen Heyzer	Former Executive Secretary, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
Georgina Higueras	Vice-president of Cátedra China and Director of Foro Asia in Foro de Foros Foundation
Fabrizio Hochschild	Under-Secretary-General and Special Adviser to the Secretary-General.
Jin Canrong	Former Associate Dean of School of International Studies, Renmin University of China
Lasse-Marcus Laine	Co-Founder, Made by Choice
Peter Leahy	Former Commander of the Australian Army
Liu Mingkang	Former Chairman of China Banking Regulatory Commission
Luo Wen	Deputy Director of National Development and Reform Commission
Manuel Muñiz	Dean IE School of International Relations and Rafael del Pino Professor of Practice of Global Leadership
Hiria Ottino	President of Pacific China Friendship Association
Pan Qingzhong	Executive Dean and Professor of Schwarzman College, Tsinghua University
Shen Weixing	Deputy Editor-in-chief of Guangming Daily
Marc Uzan	Executive Director, Reinventing Bretton Woods Committee
Wang Wen	Executive Dean of Chongyang Institute for Financial Studies, Renmin University of China
Yang Jiemian	Director of Shanghai Institute for International Studies Academic Committee
<b>Υ</b> αο <b>Υ</b> αο	Director of the Center for National Soft Power Research
Zhang Weiwei	Director of the China Institute at Fudan University
Zheng Yu	Professor at the School of International Relations and Public Affairs, Fudan University
Zhou Qi	Director of Institute of American Studies, Chinese Academy of Social Science
Zhu Feng	Director of Institute of International Relations, Nanjing University



### 09 BACKGROUND OF IMPERIAL SPRINGS INTERNATIONAL FORUM



naugurated in August 2011, the Imperial Springs International Forum was officially established in 2015 with the approval of the Chinese government. It is currently co-hosted by the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the Australia China Friendship and Exchange Association (ACFEA).

Held in the beautiful Imperial Springs International Convention Center in Conghua, Guangzhou, the Forum serves as an important platform for people-to-people diplomacy and international exchange. It aims to enhance understanding and expand consensus among parties through discussions on important economic, political and cultural topics, thereby facilitating regional and global cooperation.

As an ideal environment for high-level forums, the Imperial Springs International Convention Center has hosted a number of important international conferences since 2011, including the Australia–China Friendship Forum on Economy and Trade, the International Museum and Cultural Forum, the China-Australia Media Forum, the Global Economic Forum, the Global Leadership Summit of SME Leaders, the Going to Latin America Forum, and the 2014 China–Australia Economic Forum. More than 300 international dignitaries, including former U.S. President Bill Clinton, former Australian Prime Minister John Howard, business leaders, scholars and celebrities have participated in these events.

Under the theme of the "Belt and Road initiative - New Opportunities and New Cooperation," the 2015 Imperial Springs International Forum explored new approaches for security and cooperation in the Asia-Pacific region, as well as global peace and development. In 2016, marking the launch of the cycle of cooperation with the World Leadership Alliance - Club de Madrid (WLA-CdM), the Forum focused on "Inclusive, Sustainable and Resilient Cities in the Belt and Road Initiative" exploring the potential global impact of the Belt and Road Initiative and how investments in cities along its route can foster efficient, inclusive and sustainable urban development models. This was followed by an analysis of "Global Governance and China's Perspective" in 2017 which called for a profound reflection on how to reshape the normative order behind today's global governance, unlocking the capacity of new and old institutions in a context of unstable and unpredictable complexity. In 2018, the Imperial Springs International Forum celebrated the 40th anniversary of China's remarkable reform and opening-up process against the backdrop of a global order. The Forum helped identify new ways of building win-win cooperation.





## 10 ORGANISERS



THE AUSTRALIA AND CHINA FRIENDSHIP ASSOCIATION (ACFEA) was registered in September 2005 in NSW Australia as a non-for-profit institution. The president of the association is Dr Chau Chak Wing, a prestigious leader in the Chinese community of Australia. Its Advisory Board consists of members who are interested in the promotion of people-to-people contact between Australia and China. Since its establishment, the ACFEA has been committed to the promotion of friendly exchanges between Australia and China in the areas of trade and economy, culture, education, the arts and science while organizing high-profile bilateral dialogues or events. The ACFEA headquarters in Sydney Australia with representative offices located in Beijing, Guangzhou and Hong Kong.



#### THE CHINESE PEOPLE'S ASSOCIATION FOR FRIENDSHIP WITH FOREIGN COUNTRIES

**(CPAFFC)** is a national people's organisation engaged in people-to-people diplomacy of the People's Republic of China. The aims of the Association are to enhance people's friendship, further international cooperation, safeguard world peace and promote common development. On behalf of the Chinese people, it makes friends and deepens friendship in the international community and various countries around the world, lays and expands the social basis of friendly relations between China and other countries, and works for the cause of human progress and solidarity. It implements China's independent foreign policy of peace, observing the Five Principles of Peaceful Coexistence while carrying out all-directional, multi-level and broad-area people-to-people friendship work.

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**GUANGDONG PROVINCE** is situated in the southernmost part of China's Mainland, adjacent to the Hong Kong and Macao Special Administrative Regions and facing Hainan Province across the Qiongzhou Strait on its southwestern side. With its regional GDP of 8.99 trillion yuan in 2017, Guangdong has ranked No.1 in the country for 29 consecutive years. The local general public budget income was 1.13 trillion yuan, making it the first province in the country to have a total budget income exceeding one trillion yuan. An accumulated 7.756 million new jobs were created in cities and towns. The per capita disposable income of residents reached 33,000 yuan, with an average annual growth rate of 9.2%. Guangdong's ecological environment continued to improve. In the period of 2012 to 2017, the province's total energy consumption per unit of production decreased by 19.5%, making the province among the leaders in the country. In February 2019, the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area was released officially.



**THE WORLD LEADERSHIP ALLIANCE - CLUB DE MADRID** is the world's largest forum of democratic former Presidents and Prime Ministers, who leverage their unique leadership experience and global reach to strengthen inclusive democratic practice and improve the well-being of people around the world. As a non-partisan and international non-profit organisation, it counts with the hands-on governance expertise of more than 100 Members from over 70 countries, along with a global network of advisers and partners across all sectors of society. This alliance stimulates dialogue, builds bridges and engages in advocacy efforts to strengthen public policies and effective leadership through recommendations that tackle challenges such as, inclusion, sustainable development and peace at the national and multilateral level.





# 从都国际论坛 IMPERIAL SPRINGS INTERNATIONAL FORUM







中国人民对外友好协会 The Chinese People's Association for

