



A Club for Egoists?

Low expectations of the G20 summit in Osaka, Japan

David Gregosz, Florian Rauchfuß

- › Japan will be hosting its first annual G20 meeting of heads of state and government on 28 and 29 June 2019. The country is taking a constructive approach to this task and has adopted its own agenda, but despite this, expectations of the Osaka Summit are low.
- › We can assume that the summit will largely focus on working through the existing G20 agenda. At the same time, the Japanese prime minister is in need of a successful international summit in order to demonstrate that Japan, as the world's third largest economy, is in a position to have an impact on global forums. The country sees itself as a counterweight to China in East Asia and, at the very least, security considerations play an implicit role in all the items on the agenda.
- › Prime Minister Abe will try to push his agenda in the areas of digital transformation and international data traffic. World trade and climate policy will also be important issues in Osaka because Japan, as a globalised high-tech nation, is keen to see progress in these policy areas. There is likely to be limited progress on reforms to the World Trade Organisation (WTO).
- › There seems little likelihood of new multilateral initiatives among the participants, despite the fact that the host will probably be seeking to strengthen multilateralism.

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When Japan's prime minister Shinzo Abe officially took over the G20 presidency from Argentina in December 2018, geopolitical tensions between the members of this informal club had reached a whole new level. They included the smouldering trade war between the U.S. and China, the frosty relations between the transatlantic partners and Russia (INF treaty, Syria, Ukraine), and problems with Saudi Arabia. The summit meeting of heads of state and government held in Buenos Aires late in 2018 was so weighed down by these political conflicts that very little substantial progress was made. Indeed, the fact that they even managed to produce a leaders' declaration at the close of the summit was viewed as a success.

Against this backdrop, all eyes will now be turning to Osaka, Japan on 28 and 29 June 2019. Will the Japanese G20 presidency succeed in exploring new opportunities for cooperation between industrialised and developing economies and press ahead with multilateral measures in key policy areas, such as trade? Or will stonewalling, national egotism and mutual distrust hold sway? The direction of the meeting may well be agreed in advance, as U.S. President Donald Trump is expected in Tokyo in May to attend the imperial succession ceremony. This brief analysis takes a look at what we can expect from the G20 Summit in the following month.

Will the Japanese G20 presidency succeed in sounding out new opportunities for cooperation?

Info box: The Group of Twenty (G20) is made up of the world's leading industrialised and developing economies, consisting of 19 states and the European Union. Since 2009, the G20 has been the central forum for international economic cooperation. The G20 includes the EU as well as Argentina, Australia, Brazil, Canada, China, France, Germany, the United Kingdom, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the USA. They account for more than 85% of global economic output, three quarters of world trade and are home to around two thirds of the world's population. Although the decisions of the G20 are not legally binding, the commitments made by its members exert a political influence.

1. First G20 summit in Japan: Difficult conditions, low expectations

Japan has already successfully hosted the G7 summit, various UN conferences and meetings of the of the Asia-Pacific Economic Community (APEC), but this is the first time that it will be hosting the annual G20 meeting of heads of state and government. For Prime Minister Abe, in his final term of office, the first challenge lies in the fact that doubts about the G20 format have been intensifying over recent years. Its ability to steer the global economy, reduce security tensions and tackle environmental problems is clearly dwindling. Members are finding it increasingly difficult to agree on a common agenda for the world and the global economy because of differing standards, development levels, and interests.

The members of the G20 are finding it increasingly difficult to come up with a common agenda for the world and the global economy.

Moderating these differences and finding common lines of consensus at this high level presents Japan with its second challenge. There is only six months between Japan taking over the chair of the G20 from Argentina and the next scheduled summit, and the Western nations that make up the G7 will not be meeting beforehand to coordinate their approach. The next G7 summit is scheduled for 24–26 August 2019 in Biarritz, France – after the G20 meeting.

We can, therefore, assume that the main focus of the Osaka summit will be on working through the existing G20 agenda. At the same time, the Japanese prime minister is in need of a successful international summit in order to demonstrate that Japan, as the world's third largest economy, is in a position to influence global forums. Three aspects require particular attention when attempting to assess how Japan's G20 presidency will play out:

- ▶ *Security policy considerations underpin the significance of the G20 in Japan*
Media reports and discussions with Japanese experts regularly suggest that the G20 summit is, above all, an opportunity for Japan to demonstrate that it is capable of shaping international developments. It is partly its own fault that Japan has tended to be viewed as an outsider over recent years. The conflict with North Korea plays a major role in this respect. Japan is no longer sitting at the negotiating table but is keen to take part in future negotiations. Therefore, one of Japan's main goals for the foreseeable future is to present itself as an East Asian (economic) superpower with global influence. In this respect, Japan's support for reforming multilateral formats should also be understood as a means to an end. Japan believes the G2 format is basically justified and views it less critically than Germany.
- ▶ *A counterweight to China in East Asia*
The US-China trade war is also significant for the island nation. In the recent past, Japan has been a strong advocate of free trade in Asia. With the TPP11 and JEFTA trade agreements, Japan has highlighted its role and potential as one of the world's leading economies. After some initial hesitation, the country has warmed to its new leadership role and now appears more confident on the world stage. It is keen to achieve greater independence from the U.S., despite its awareness of the need for U.S. protection.
- ▶ *All eyes on Japan – Rugby World Cup 2019, Tokyo 2020, Expo 2025*
Japan is currently attracting a great deal of public attention around the world. This is not only reflected in the rapid growth in tourism, but over the next few years it is also set to host a number of major international events, which will change the country's profile in the eyes of the world. These include this year's G20 summit, the Rugby World Cup in 2019, the 2020 Olympics in Tokyo and Expo 2025. In the years to come, Japan is looking to build on its leadership role in Asia and the world so that it can also act as a counterweight to China in the Asia-Pacific region.

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These are essential aspects of any analysis of Japan's presidency of the G20 and provide a better understanding of the actions of Prime Minister Abe. He has made use of an international stage, namely the World Economic Forum in Davos, along with the official G20 conference website, to confidently state his intention of promoting his own agenda. In addition to focusing on the usual G20 issues (economic growth, trade and Sustainable Development Goals (SDGs)), his statement highlights Japan's determination to address the digital economy, digital society, data flows and data regulation:

*"At the Osaka Summit, Japan is determined to lead global economic growth by promoting free trade and innovation, achieving both economic growth and reduction of disparities, and contributing to the development agenda and other global issues with the SDGs at its core. (...) In addition, we will lead discussions on the supply of global commons for realizing global growth such as quality infrastructure and global health. As the presidency, we will exert strong leadership in discussions aimed towards resolving global issues such as climate change and ocean plastic waste. Furthermore, we will discuss how to address the digital economy from an institutional perspective and issues that arise from an aging society (...)."*¹

With his remarks on promoting free trade and discussions on the supply of global commons, Abe is referring to the joint declaration made at the close of the G20 meeting in Buenos Aires. The leader's declaration stated the following:

- ▶ "International trade and investment are important engines of growth, productivity, innovation, job creation and development. (...) The system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning. We will review progress at our next summit."
- ▶ "Signatories to the Paris Agreement (...) commit to its full implementation, reflecting common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We will continue to tackle climate change, while promoting sustainable development and economic growth."

Both of these policy areas – trade and climate policy – will play a prominent role in Osaka. Japan's ambassador to Germany, Takeshi Yagi, recently repeated this at an international conference: "There are in summary two pillars of this year's agenda: One is promoting economic growth and the other is achieving an inclusive and sustainable society. Regarding the former, economic growth, we will advance discussions on free trade and innovation as well as reduction of disparities. As for the latter, we will contribute to the development agenda and other global issues with the SDGs".²

As a globalised, high-tech nation, Japan is interested in progress in these policy areas, particularly in light of the emergence of country coalitions that are keen to drive these issues forward. It is conceivable that there may be limited progress in reforming the WTO as this is the only binding review mandate included in the final communiqué issued in Argentina and several actors – including the European Union, Japan itself and China – have tabled reform proposals. Japan's approach to mitigating climate change will be based on innovation and technology in order to avoid other countries (such as Turkey and Brazil) following the route taken by the U.S. under Donald Trump in this respect. However, Japan has not yet proven itself to be a proactive supporter of the Paris Agreement.

The Japanese attempt to extend the G20's original coordination and regulatory mandate to the area of digital policy is worthy of note. Germany attempted this in 2017 when it initiated

the first Ministerial Meeting on the Digital Economy. This focus on digital issues reflects the fact that the real challenges of our time are not about the cross-border trade in goods – perceived as fair or unfair – but about how we deal with data and data traffic, technology companies and the effects of the platform economy. Japan could provide the impetus for new governance structures in this respect, but this depends on the cooperation of the U.S. and China, two digital nations that so far have demonstrated little interest in multilateral regulation. Japan's demographic challenges have heightened its interest in accelerating digital transformation and a global system of regulation. As a leading tech nation, Japan is in a good position to do this and its Society 5.0 model represents a way forward, albeit a vague one.

Japan's focus on digital topics reflects the fact that today's challenges revolve around how we deal with data, technology companies and platforms.

2. New modus vivendi needed: bilateral meetings and media relations interfere with working sessions

The 13th G20 summit in Argentina was particularly characterised by bilateral meetings, talks and negotiations that had little to do with the summit's actual agenda. All eyes were on a possible meeting between U.S. President Trump and Russian President Vladimir Putin. Then there was the conduct of Saudi Crown Prince Mohammed bin Salman on the international stage after the Kashoggi affair, the signing of the new USA-Mexico-Canada Trade Agreement (USMCA) and the power struggle between the US and China over tariffs.

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It is noticeable that most heads of state and government are now using the G20 meetings to specifically drive their own agendas through statements, meetings and staged photo opportunities in order to send political signals to their domestic supporters and voters. These forms of political communication will also be on display in Japan. We should remember that:

- › in the run-up to the summit, elections are being held in Indonesia (April), India (April/May) and Australia (May), which are likely to result in a weaker position for their existing governments;
- › Brazil's new president, Jair Bolsonaro, will be making his first appearance on the international stage;
- › two advocates of multilateralism, Canada's President Justin Trudeau and France's President Emmanuel Macron, are under a great deal of pressure at home;
- › the European Union and United Kingdom are still consumed with Brexit;
- › and Donald Trump could also torpedo this summit with his sententious remarks.

On the other hand, the – already brief – working sessions, including detailed discussion of particular issues, are only held in advance at working level, at Sherpa level, or when they have an impact on potential final declarations.

More than two dozen heads of state and government, along with representatives of international organisations and civil society will be attending the two-day meeting in Osaka, Japan's third-largest city. If every participant were to speak for just ten minutes, this time would quickly be exhausted. In light of the fact that the variety and complexity of the issues has also multiplied, we can only press for a different political format for dealing with these problems. We can only hope that Japan is prepared for the simultaneous battle for media sovereignty through its choice of venue and by setting a feasible agenda. If the effectiveness and legitimacy of the G20 are to be upheld, perhaps the Japanese presidency should once again look more closely at the basic idea of the G format, which was initiated by Helmut Schmidt and Valéry Giscard d'Estaing. As issues are increasingly being truncated to suit media requirements, doubts about the point of holding such summits are intensifying.

The Japanese presidency should reconsider the basic idea of the G format if it is to strengthen the effectiveness and legitimacy of the G20.

3. The G20 is needed – but in an effective format

The informal group of the world's twenty leading industrialised and developing economies celebrated its tenth anniversary at the end of 2018. It undoubtedly plays a key role in steering the world economy, particularly in light of the fact that there is little likelihood of a "world government" in the foreseeable future and that the United Nations, which is underfunded and in dire need of reform, is not in a position to fully assume this task. One of the advantages here is that – unlike the Security Council – there are no powers of veto. It has often been shown that the G20, to some extent, needs to operate as a format for crisis management. It generally manages to identify political problems, but experience has shown that these problems then tend to be resolved in uncoordinated fashion at national level.

It seems doubtful that Japan's famous *Omotenashi* (hospitality) will be enough to encourage the world's leading industrialised and developing economies to find a new, collaborative way of working on the pressing issues that face humankind. For the time being, it is probably a case of pursuing another Japanese virtue, that of *kenkyo* (modesty, humility). As long as the G7 is unable to adopt a united stance and the U.S. administration continues to voice harsh criticism of existing cooperation formats such as the G20, progress is likely to be patchy at best.

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Indeed, it would be a major surprise if such progress were made after the Osaka summit, as Saudi Arabia will be taking over the G20 presidency in 2020, with the G7 presidency going to the USA. As things stand, we cannot expect to see either of these actors promoting any progressive, multilateral initiatives. It is more likely that the G formats will lose their significance, forcing Europe to advance its foreign and trade policy interests via other forums and alliances with countries large and small.

4. Conclusion

Japan has assumed the G20 presidency under difficult political conditions. It will require a great deal of skill to:

- maintain continuity on the issues introduced by its predecessors in the chair – China, Germany and Argentina;
- stimulate multilateral action in various policy areas (e.g. trade and digital policy);
- at best, put forward proposals for more effective summit workflows.

It is these points that will determine whether the Osaka Summit is looked back on as a success.

1 <https://g20.org/en/summit/message/>, accessed on 15.03.2019.

2 See Global Solutions Summit (2019). Recorded on YouTube: <https://www.youtube.com/watch?v=xEmPNd2yNa8> (from 7:30.00), accessed on 21.03.2019.

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