



## Background Material

Environment/Climate Change/Energy/Global Governance  
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## THE WORLD HAS CHANGED SINCE 1975

There is a widely held misperception that G8 countries differ dramatically from Brazil, China, India, Mexico and South Africa (the “+5”). The average citizen believes +5 countries are substantially poorer than the G8, in terms of wealth and quality of life. Since the mid-1970s, however, when the G7 was established, infant mortality, life expectancy and purchasing power in the +5 have improved, approaching convergence with the G8.

Some facts:

- Between 1980-2006 the Chinese share of the global economy (in PPP terms) grew from 3% to 15 %
- China is ranked first among nations where world business leaders say they are “most confident” to invest this year
- China has captured about half of all the net increases in investment from global equity managers
- India had the 4<sup>th</sup> largest economy in the world in 2006 (after US, China and Japan in PPP terms). Among the worlds’ 20 largest economies only China grew faster than India from 2004-2006
- Mexico now has more currency reserves than Canada; India has higher foreign exchange reserves than Germany or Italy
- South Africa produces more carbon dioxide emissions than France or Italy
- India spends more (PPP) on their military than the United Kingdom
- The per capita income of South Africa is equivalent to Russia
- Brazil, Mexico and South Africa have more Internet users per 1000 people than Russia
- South Africa and Mexico have more girls in school than any of Germany, France, Italy, Japan and Russia (percentage compared to boys)
- The increase in Chinese energy use between 2002 and 2005 is equal to Japan’s current annual energy use (2007)
- The ratio of the number of Volkswagens sold in China last year to the number sold in the [United States](#): 4:3
- The number of millionaire households increased 39% last year in China, 32% in Spain, 30.5% in Britain and 10% in the United States

## **MORE INCLUSIVE & WELL-PREPARED SUMMITS LEAD TO BETTER OUTCOMES**

The Group of 8 Leaders summit (G-8) has not been able to make the breakthroughs to develop needed global public policy.

A larger group, from 13 (G8+5) to 20 [based on the number of countries in the G20 Finance Ministers' meetings and on a proposal by former Canadian Prime Minister Paul Martin for an L (for Leaders) 20], could build on the G-8's strengths of informality and flexibility. The number and identity of countries can be endlessly debated.

A larger summit could make progress on acute global problems where no other existing forum can. It could break gridlock in climate change, health and conflict management.

Only leaders can make the tradeoffs among the cross-cutting interests in a potential deal. A universal forum cannot, on its own, deliver success - only leaders working in a small group can manage the complexity and generate breakthroughs.

The "Gleneagles 5" - China, India, Brazil, Mexico and South Africa - are already meeting with the G-8 for part of the latter's meeting. Instead, full and permanent participation would be preferable. The +5 are also increasingly meeting amongst themselves creating the risk of a permanent schism in Summits.

While there is no "correct" composition, it is difficult to imagine such a meeting without an Islamic and Middle Eastern country present; adding one makes for a minimum of fourteen countries. In our past meetings, we added Egypt for a variety of reasons.

New approaches are most urgently needed in the area of climate change and energy policy. The draft package in Annex 1 illustrates the "Deal" that a new group of "L14" leaders could reach – an integrated set of decisions, invitations and charges.

*"We are indeed of one mind...we can't be put in a situation where we are asked to join in the dessert and miss the main meal." **President Thabo Mbeki**, 17 October 2007*

## WHO IS INVITED FOR DINNER?

"The political arena as dominated by major powers - the very political process itself - is losing credibility and legitimacy. People are questioning both the effectiveness of the G-8 process and the international legitimacy of the G-8 as a forum."

**Kazuo Ogoura, President of the Japan Foundation**, 7 August, 2007

"To build not just security but environmental stewardship and prosperity free of global poverty, I want a G8 for the 21st century ... The G8 has to increasingly broaden to encompass the influential emerging economies now outside but that account for more than a third of the world's economic output.

**Prime Minister Gordon Brown** 12 November, 2007

"I hope that bit by bit, the G8 becomes the G13. Alongside economic consultations, the close cooperation between the most industrialized countries and the major emerging countries that is needed to combat climate change warrants this expansion.

**M. Nicolas Sarkozy, President of the Republic of France**, Paris, 27 August 2007

"We were not active participants in the G8 processes. In fact, the G8 communiqué was issued even before our meeting... (In the future) we should get a chance to discuss issues of our concern... so that our point of view can be reflected in (the G8's) thought processes..."

**Prime Minister Dr. Manmohan Singh**, New Delhi, 23 June, 2007

"We must go more in the direction of a G20 than a G5...We can no longer have serious discussions without China, India, Indonesia, Brazil."

**Pascal Lamy, Director General, World Trade Organization**, 06 June 2007

"...I make the case for the extended summit to become the core of a permanent forum where the developing and industrialized countries can transparently and representatively exchange their views on the issues that require a concentrated answer.... This will enable the intensification of multilateral action to make globalization show more solidarity and become less asymmetrical."

**Brazilian President Luiz Inacio Lula da Silva** 18 May, 2007

"Chinese leaders believe strongly in the potential of the G20. We want to get involved and make a contribution. We believe the G20 is very important for global governance. But China has no interest in the G8. We don't want to join a rich man's club."

**Yu Yongding, Director, Institute of World Economics and Politics, Chinese Academy of Social Sciences** January 2007, Davos

## OBSTACLES TO G8 MODERNIZATION

The initial reaction to expansion of the G8 from member countries in many foreign ministries is negative.

### Expansion means loss of influence:

*The Stated Obstacle:* The premise that power is a zero sum game – that a country's influence will be diminished if membership increases.

*The Response:* It is better to own a smaller share in a prosperous company than a larger share in a struggling company. In the same way, it would be advantageous to have a smaller share in an effective and legitimate international organization than a larger share in one that is ineffective and perceived to be illegitimate.

### Expansion means loss of like-mindedness:

*The Stated Obstacle:* The G7 was established as a “club” of like-minded liberal democracies. The controversial expansion to the G8 to include Russia was defended on the basis of hoped for reforms in Russia. While there has been disappointment in these hoped for reforms in Russia, the inclusion of China in the inner circle would end the nature of the group as a club of countries with compatible values.

*The Response:* One “club” cannot address all objectives. A concert of democracies could pursue common values. But to address global challenges that require commitments and actions from China and other emerging economies, who may or may not be democracies, requires a group where they are full members. The group of like-minded countries does not have the legitimacy or the means to impose effective decisions.

### Expansion means concessions to adversaries

*The Stated Obstacle:* History often leaves us angry.

*The Response:* Over time adversaries become partners. In 2004, a study was completed asking both French and Germans to rate their relationship on a scale of 1- 100. Despite being adversaries in WWII, their relationship was rated favorably as 70 and 74 respectively.

*".... the key fact for the Japan-China relationship is that it ... is vital to the peace, stability and prosperity in Asia and the world at large"*

Sadakazu Tanigaki, the Policy Research Council Chairman of the LDP

## OUR PLANS

### **CONFIRMED**

Conference hosted by the Japanese Institute of International Affairs  
February 12-13, 2008

Conference hosted by the Mexican Foreign Ministry

March 13-14, 2008 in Mexico City

A dialogue with G8+5 research institutions with expertise in how the international institutional architecture should be changed.

Conference hosted by the OECD

March 31- April 1 in Paris

A dialogue on policy initiatives on climate change between research organizations from G8+5 countries and OECD officials; input to the OECD 2008 Ministerial (the theme of which is “Economics of Climate Change”).

Conference hosted by the Centro Brasileiro de Relacoes Internacionais

November 13-14 in Rio de Janeiro

A critical review of progress in climate change, energy security and development.

### **PLANNED EVENTS**

Conference at White Oak Plantation

Fall 2008 in White Oak Florida

This would bring together a group that would be about half American – people involved directly in the future direction of US foreign policy

Clinton Global Initiative Side Event

September, 2008 in New York City

A dialogue with current and former office holders on the future global architecture, including the need for Summit reform (a similar meeting was held in 2007).

Conference in Bellagio

Fall 2008 in Bellagio, Italy

Symposium in India

December 2008 in New Delhi or Mumbai

Symposium in South Africa

Early 2009 in Capetown or Durban

Symposium in China

Spring 2009 in Beijing

Concluding Conference in Canada

Waterloo, Canada Fall 2009

## TENTATIVE IDEAS FOR CONSIDERATION

### Advance inclusion of the +5 in G8 meetings

We must avoid the +5 becoming a caucus that meets separately, organizing their joint positions and then meeting with the G8 in an adversarial context.

### Focus on climate change, energy and development as a package

The best chance of breaking the global deadlock on climate change, energy security and development is for the G8+5 to meet as 13 equals working together to develop a package deal with commitments across the wide range of issues. This is the route to ensuring mutually advantageous outcomes.

### Support the creation of a core group of G8+5 think tanks

As a confidence building measure, help establish an informal Track 2 process to promote the exchange of research on key issues (and the possible resolution by G8+5 Leaders) and participate in “dialogue” events next March, hosted by the OECD and the Mexican government.