

ICAS Issue Primer

Topics in US-China Relations

2016 G20 Meeting in Hangzhou

On Sept. 4-6, 2016, the Group of Twenty (G20) will meet in Hangzhou, China to discuss key issues facing the global economy today. Topics on the agenda include boosting global growth and innovation, international investment and trade regulation, closing global tax loopholes, and development. As President of the G20, China hopes to use this opportunity to showcase its international leadership and boost its own domestic growth.

What is the G20?

The G20 is a group of Finance Ministers and Central Bank Governors of 19 countries and the European Union (EU). Unlike the G7/G8, the G20 includes both developed and developing economies. It provides a platform in which these countries can meet informally and freely discuss issues facing the global economy, with an emphasis on global economic growth, job creation, and open trade. The G20 contributes to global governance and coordination in different policy domains, such as macroeconomic stability, development, trade and investment. In the past, scholars and experts have disagreed on the effectiveness of the G20. While some critics note that the G20 has not been able to solidify global growth or reduce inequality, others point out that the G20 has made progress in reducing large current account imbalances and coordinating international commitments to trade and investment. Yet both sides agree that the G20 plays a key role in bridging traditional economic powers with emerging economies and clarifying mandates for other, more formal multilateral institutions. The G20 thus continues to play an important role in global economic governance.

Key Challenges Facing the Global Economy in 2016

Today's key economic challenges include declining global demand, falling commodity prices, capital flight from emerging markets, slowing productivity

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worldwide, debt in advanced economies, and systemic threats. Systemic threats include growing domestic and international inequality, terrorism, climate change, and mass international migration.



The 2015 G20 Meeting in Antalya, Turkey

China's Presidency: Priorities and Focus

As one of the largest economies, biggest contributors to world growth, and the world's top trade partner, China is in a unique position to lead the G20's inter-governmental discussion on international economic governance. The theme of this year's summit is "[*Toward an Innovative, Invigorated, Interconnected and Inclusive World Economy*](#)." Based on this theme, the G20 will consider innovation-driven development in science and technology, aim to foster closer economic cooperation, and narrow the development gap amongst its countries.

The first priority of China's Presidency is to foster innovative approaches to sustainable global economic growth. To do so, China will direct the conversation around strengthening the global management system and ensuring that it is equipped to handle the ever-changing landscape of global economics. This includes deepening production-capacity cooperation and implementing a global industrial chain to maximize each country's comparative advantage and facilitate production flows.

China's second priority will be to improve economic and financial governance so that the international system can better respond to economic crises (like the 2008 crash) and volatile financial systems (such as that of the EU following the Brexit referendum).

Finally, China will dedicate a portion of the meeting to focus specifically on development and global inequality. China has acknowledged that, in today's globalized world, no country can develop in isolation and global inequality must be addressed by further opening the global economy. We can thus expect China to encourage the G20 to discuss mutual consultation, construction, and capacity sharing when it meets in Hangzhou.



Hangzhou, China – The location of the 2016 G20 Meeting

What's New under the Chinese Presidency?

For the first time, China as the host country, has placed trade and investment on an equal standing with finance and banking within the G20 agenda. Going forward, there will be two wheels driving the G20 – the traditional finance ministers and central bank governors meeting as well as a new mechanism of a trade ministers' meeting. Because many of the global economy's long-term structural problems are related to trade and investment, this development is highly welcome. A global multilateral investment regulation framework and related principles will also be finalized.

For the first time, China as the host country, has placed the issue of development squarely at the top of the global macro-policy agenda. To this end, China has invited a record number of developing countries to the G20 summit, including Laos, which holds the ASEAN Chairmanship; Chad, which holds the Presidency of the African Union; Senegal, which holds the Presidency of the New Partnership for Africa's Development; and two representatives of major developing countries - Egypt and Kazakhstan. The Hangzhou Summit, with the participation of more developing countries than ever in the history

of G20, will be the most representative and inclusive in its composition. An Action Plan to implement the UN's 2030 Agenda for Sustainable Development will be put forth at the summit.

Finally, China as the host country will for the first time facilitate a discussion on the foreign exchange market within the G20 framework. It will also repeat previous calls to member states to refrain from competitive devaluations. Equally important, after a hiatus of three years, China will restore the functioning of the International Financial Architecture Working Group mechanism at the G20 level. A series of commissioned working papers related to sovereign debt restructuring, strengthening monitoring of capital flows and risks and safeguarding the security of the global financial network with the IMF at the core will be approved.

Key Issues in US-China Economic Relations

While the G20 summit will not touch directly on US-China bilateral economic relations, the issues in this relationship will never be far from the surface. From a US perspective, four issues in particular stand out: strengthening intellectual property rights (IPR) protections for American goods and services in the Chinese market; protecting American businesses from the threat of commercially-motivated cyber theft in the Chinese marketplace; eliminating discriminatory Chinese innovation-related policies that do not accord fair and equitable "national treatment" to American-produced goods and services; and expanding market access for US goods, agricultural products and services in China, including within China's government procurement sector.

-Sourabh Gupta and Annie Kowalewski

Recommended Resources

[A Message from Xi Jinping on the 2016 G20 Meeting](#)
[B20 Coalition, G20 Summary Sheet](#)
[China & World Economy Special G20 Issue](#)
[CFR: China, the US, and the G20](#)
[IMF: Global Prospects and Policy Changes for G20](#)
[South China Morning Post, G20 Interactive](#)
[Wang Wen on China's G20 Leadership](#)