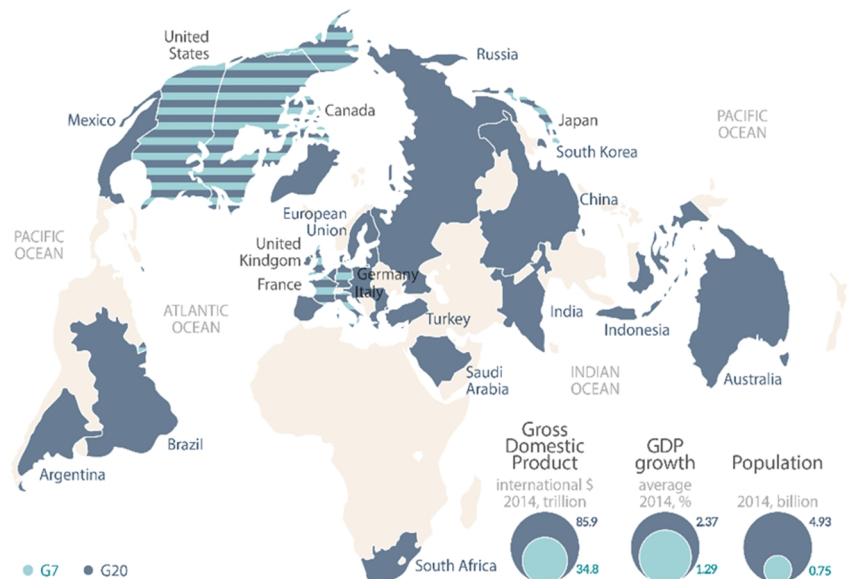


## Outcome of the G20 Summit in Hangzhou, China

The 11th G20 Leaders' Summit took place in Hangzhou, China on 4-5 September 2016. The resulting communiqué focuses on pursuing innovative growth, building an open world economy and ensuring that economic growth benefits all countries and people. The EU's main priorities at the Summit were fair taxation, overcapacity in the steel industry and the refugee crisis.

### Background

The Leaders of the [G20](#), the Forum of twenty of the world's largest economies, gathered on 4-5 September in Hangzhou, China. Amidst sluggish economic growth globally, and rising geopolitical tensions in Asia, an uncertain political climate in a number of the G20 members, and an ongoing refugee and security crisis in Europe, the leaders faced a challenging array of issues to discuss. This was the first ever G20 Summit to be hosted by [China](#), under the theme, **Towards an innovative, invigorated, interconnected and inclusive world economy.**



The key [agenda](#) items were: (1) Breaking a new path to growth; (2) More effective and efficient global economic and financial governance; (3) Robust international trade and investment; (4) Inclusive and interconnected development and G20 support for the UN [Agenda 2030](#) for Sustainable Development. A major goal of the summit, as set out by the Chinese Presidency, was to move towards a more action-oriented G20, implementing commitments and contributing to the achievement of global growth in line with the conclusions of the 2015 [Antalya Summit](#). The United Nations, the International Monetary Fund, the World Bank, the World Trade Organization, the Financial Stability Board, the International Labour Organization, and the Organisation for Economic Co-operation and Development (OECD) were also invited to attend the summit. The Chinese Presidency also extended invitations to the leaders of Kazakhstan, Chad, Singapore, Egypt, Spain, Laos, Senegal and Thailand. The economies of the G20 (19 countries plus the European Union) combined represent 85% of global GDP and two thirds of the world's population. The next annual G20 Presidencies will be held by Germany (2017) and Argentina (2018).

At the 2015 Antalya Summit, G20 leaders adopted a comprehensive agenda including the implementation of past commitments, boosting investment to drive growth and promoting inclusiveness. They committed to strengthening efforts to find durable solutions for the refugee crisis and for internally displaced persons; to bridge the digital divide and ensure the secure use of ICT 'respecting and protecting the principles of freedom from unlawful and arbitrary interference of privacy in this context'; and to work together to fight terrorism, inter alia by addressing the financing of terrorism, [radicalisation](#) and the threat of [foreign terrorist fighters](#).

### EU participation

The EU was [represented](#) by European Commission President, Jean-Claude Juncker, and European Council President, Donald Tusk. The EU's [priorities](#) included firm global action on [over-capacity in the steel industry](#), fair taxation and the global migration and refugee crisis, as well as terrorism and climate change. In the margins



of the summit, President Juncker held a bilateral meeting with the Prime Minister of Canada, Justin Trudeau, to discuss the new EU-Canada free-trade deal, [CETA](#).

## Outcome

In Hangzhou the G20 leaders adopted a [communiqué](#) focused on strengthening the G20 growth agenda; pursuing innovative growth concepts and policies; building an open world economy and ensuring that economic growth benefits all countries and people. Growth is to be pursued through coordinated macroeconomic policy, open trade and innovation, among other things. The leaders are also committed to actions in the areas of business financing, international tax avoidance, anti-corruption measures, open trade and implementation of the sustainable development goals.

The communiqué also covers the migration and refugee crisis, the fight against terrorism, climate change and health issues (namely the threat of anti-microbial resistance). In addition, it includes a statement on the outcome of the referendum on the UK's membership of the EU, that 'Members of the G20 are well positioned to proactively address the potential economic and financial consequences stemming from the referendum', and that in the future, they 'hope to see the UK as a close partner of the EU'.

## Reactions

In recent years there has been a lot of debate regarding the [effectiveness](#) of the G20. While it is widely acknowledged as having played an important role in steering economic recovery efforts at the height of the financial crisis, some are sceptical about the group's further potential. Among other things, criticisms focus on the mix of countries making up the group, the lack of an enforcement mechanism for its decisions and the continuous broadening of its agenda.

The outcome of the Hangzhou summit received mixed reactions. Some analyses reiterated the aforementioned standard criticisms of the G20. They referred to the communiqué as being too [lacking](#) in new insights, wordy and excessively technical. They stress that global economic growth has been too slow in the past years and a long-term vision on behalf of the G20 is needed. Several commentators observed the growing importance of [bilateral conversations](#) and informal meetings, such as that of the [BRICS](#) leaders, during the summit, suggesting that a number of G20 members are currently facing internal problems and are more focused on the individual challenges rather than on the multilateral character of the institution.

On the other hand, analysts welcomed significant steps in the area of climate change, most importantly the [ratification](#) of the Paris climate accord by China and the US on the eve of the summit and the endorsement of the G20 Action Plan on the 2030 Agenda for Sustainable Development. In the area of trade, leaders reaffirmed their pledge to resist [protectionism](#) in all its forms and roll back their existing protectionist measures. Four G20 members that have not yet ratified the WTO Trade Facilitation Agreement (TFA) – Argentina, Canada, Indonesia and South Africa – agreed to do so before the end of the year. The final communiqué was also [perceived](#) as reflecting developed and developing economies equally and incorporating a diversity of voices, in line with the summit's theme and with the G20's stated aims. The emphasis on [innovation](#) received positive reactions, particularly the promise of wider access to technology. Several analysts pointed out that [action](#) has indeed been prioritised.

From an [EU perspective](#), a particularly positive outcome was the formation of a Global Forum on excess steel capacity, to be facilitated by the OECD. Those G20 members that produce steel products gathered for this year's second [OECD steel committee meeting](#) on 8-9 September to address the issue of global overcapacity. The OECD will then produce a progress report to G20 leaders ahead of their 2017 summit in Germany. EU and US regulators [argue](#) that Beijing has not done enough to curb its government subsidies for steel and other products, an issue which is related to consideration of granting China [market economy status](#) in WTO antidumping investigations. On the refugee crisis and migration, the communiqué reiterated that 'the G20 will continue to address forced displacement in 2017 with a view to developing concrete actions. The G20 will also examine migration issues in 2017'.

In its resolution of 12 April 2016 on **the EU role in the framework of international financial, monetary and regulatory institutions and bodies** ([2015/2060\(INI\)](#)) the EP had taken the view that 'the EU should become a more proactive global actor in ensuring the future G20 commitments, such as transforming shadow banking, implementing over-the-counter (OTC) derivatives reforms, addressing systemic risks and ensuring that emerging risks to the global economy are taken up on the agenda of the relevant global institutions'.