



# Policy Memo

**DATE:** October 30, 2013

**SUBJECT:** Cooperation Between Emerging and Established Powers—Where Are the Openings?

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As part of its 54th Annual Strategy for Peace Conference, the Stanley Foundation convened 20 policy experts from countries including the United States, Mexico, India, Brazil, China, and South Africa to discuss “Cooperation Between Emerging and Established Powers—Where Are the Openings?”

Given the panoply of global challenges requiring international collective action—including economic and human development, climate change and energy security, and governance of the global commons—cooperation between emerging and established powers is more important than ever. With former Mexican Deputy Foreign Minister Lourdes Aranda chairing, participants considered the different forms that cooperation may take, with a particular focus on the interrelationships between the process, substance, and effectiveness of international cooperation.

Four major themes emerged from the conference:

- *Governments view issues in domestic context, and sometimes that is a good thing.* Economic and social pressures since the financial meltdown have heightened the political sensitivity of many issues on the international agenda. While this hinders multilateral cooperation in certain areas, in others it can actually smooth the way. Conference participants discussed how issues can have “cobenefits”—separate yet complementary interests that can be achieved through cooperative action. For example, climate change is not the only justification for reducing pollution; in China there is more concern about public health, and both China and India put a premium on the energy supply needed for their growth and development. Domestic opposition in the United States not only blocks action on climate but extends to a broader difficulty in ratifying treaties. Congress’s failure to approve International Monetary Fund governance reforms for which the United States itself pushed was noted pointedly.
- *Cooperation between emerging and established powers must be pursued in multiple venues concurrently.* Whatever the topic, cooperative action is a matter of drawing on a multilayered international system and pulling the right multilateral levers for the desired outcome. Depending on the desired form of action, the best path could be via regional, subregional, or informal multilateral groupings, traditional international organizations, temporary coalitions, or ongoing, small-group cooperative mechanisms. Even bilateral

discussions were seen as constructive, as in the case of the recent US-Chinese initiative on hydrofluorocarbons. More to the point, it is often best to pursue these in combination. En route toward large-scale collective action, it is often crucial to build upon smaller-scale agreements. This seems to turn the notion of forum shopping—in the sense of gaming the system—on its head; there is a positive reason to draw on the comparative strengths and roles of different forums to achieve an outcome. Still, participants argued for remaining mindful of legitimacy considerations, keeping sight of more formal and inclusive settings that have unique advantages. The discussion included a debate over whether changes in the world necessitate major global governance reforms; from a pessimistic vantage, some participants worried that the international community is incapable of acting decisively without a crisis forcing the action.

- *Coalition building, outreach, and ensuring the involvement of key players are essential.* It is often vital to include key stakeholders in international negotiations from the very outset, obtaining their input and sense of ownership of the process (though participants debated whether this is a hard-and-fast rule). Yet even carefully crafted international agreements will falter without sufficient domestic backing, especially in democratic countries. Consequently, domestic coalition building is vital so that treaties are not merely signed but ratified and followed through with any necessary implementing legislation. Participants noted the important role nonstate actors play in such coalition building domestically as well as internationally, with the expectation this role will continue to grow.
- *The usefulness of the emerging/established powers framework is limited.* While the conference agenda centered on the challenges of spurring multilateral cooperation between emerging and established powers, participants did not view this as a good lens on contemporary international cooperation. First, they saw a problem with stretching the label of “major emerging economies” to also tag them as emerging *powers*. Second, the notion that traditionally and newly influential nations are sharply divided misrepresents how the key players are aligned—overlooking the many issues that split the supposed camps or prompt coalitions across the putative dividing lines.

The discussion’s main objective was to assess the potential for cooperation in three segments of the global agenda: economic and human development, climate change and energy security, and governance of the global commons. In each case, participants gauged different issues’ ripeness for emerging/established power cooperation by considering the interests, approaches, and sensitivities of the key players; prior record of multilateral deliberation; and relevant multilateral frameworks and instruments. In addition to the issue-specific conclusions below, participants also highlighted the interrelations among many of the issues—for example, how climate-change mitigation is a prerequisite for human development, or how maritime disputes tend to arise over energy resources.

### **Economic and Human Development**

By the yardstick of the global Millennium Development Goals (MDGs) set in 2000, the world has made significant but incomplete progress in lifting people out of extreme poverty. The remaining problems of development present an opportunity for emerging powers to leverage their combined experience to address a major global challenge.

*Follow-on framework to the MDGs.* With the time frame for the MDGs reaching its endpoint in 2015, the international community has been weighing potential successor goals. In an illustration of the point about the need for early buy-in from all key players, Chinese hesitance toward the formulation of new goals was noted. Participants discussed how comprehensive the goals should be, for instance, whether and how democratic governance should be part of the new framework. And there were broader questions about the proper metrics for progress on development: multidimensional human development, economic growth, sustainability, and/or investment in strengthening livelihoods over time. Looking back at experience with the MDGs, one participant said they were highly useful even in settings where progress was modest or stalled—just to prompt governments to look in the mirror. Another participant spoke up for realism in the post-financial crisis environment and the need to acknowledge that advanced countries will not underwrite ambitious development initiatives. This leaves room for emerging powers to play a greater role in providing aid, as they already are, and shaping the development agenda.

*Food security challenge.* Nearly one billion people suffer from food insecurity globally, making it a major barrier to human development. In considering the challenge, discussion ranged across the problem's major dimensions: supply (agricultural productivity), demand (social protections), and distribution (market dynamics). Several participants emphasized the importance of boosting production in key food-insecure regions. As a reflection of the growing importance of emerging powers, Brazil has emerged as a leader in South-South technical cooperation—sharing its experience on local food security systems with other developing countries. The conference touched on the issues of biofuels, cattle farming, agricultural subsidies, opaque buffer stock management, commodities speculation, and corporate “land grabs.” Some important complexities were noted; when outsiders buy up arable land, for example, it can be viewed as concentrating wealth in foreign hands or as much-needed investment in agriculture. The G-20 has put its focus on the distribution side, particularly avoiding a repeat of the 2007–2008 price shocks. So far the group has agreed to refrain from restricting food exports—which can worsen matters—and set up the Agricultural Market Information System (in conjunction with the UN Food and Agriculture Organization) to better track market trends and pressures. The lack of international consensus on the role played by biofuels, commodity market speculation, or buffer stock management, however, leaves significant work to be done. Some participants also saw an overall problem with incoherence in how the multilateral system handles food security issues.

*Infrastructure investment for development.* Participants noted the multilevel connections between infrastructure systems and the challenges of economic and human development: communication lines for the movement of goods, electrification/power grids, public transit, healthy water and sanitation, minimal carbon footprint, etc. Yet given the inherent long time frame, there is a large mismatch between available funding and potential investments in infrastructure. The fragile global economy and governments' weak fiscal positions have constrained public, private, and multilateral development bank financing. To some extent, emerging powers have started to fill the gap, devoting around 80 percent of their development financing to infrastructure projects. Problematically, though, such bilateral assistance often falls short on accountability—with corruption or opacity contributing to inflated costs, poor quality, and/or insensitivity to local needs. Going forward, emerging and established powers must work together to develop multilateral cooperative mechanisms for infrastructure investment, with high standards for accountability and cost effectiveness.

*Clamping down on corruption.* The G-20 Anti-Corruption Working Group was discussed as a success story of multilateral cooperation. Significantly, work in the G-20 links to a number of different multilateral contexts. Anticorruption has been a longtime concern of the Organisation for Economic Co-operation and Development, which in turn has served as a key shaper of the G-20 agenda. The G-20 working group has also used the United Nations Convention Against Corruption as a framework and pressed for national-level action. It has prodded governments to ratify the convention and implement the measures mandated by the treaty: national legislation, strong anticorruption authorities, whistle-blower protection, prevention of ill-gotten assets being laundered or hidden, among others. While multinational corporations often bear the blame for corruption, a participant emphasized local government responsibility for creating permissive environments. Another interesting feature of the working group is the inclusion of the nongovernmental organization Transparency International as a full-fledged participant. Given the constructive input provided by civil society across much of the global agenda, there may be other topics on which a nongovernmental organization's prominence merits a direct role in the official process.

### **Climate Change and Energy Security**

To be sure, cooperation between emerging and established powers on climate and energy has been tentative at best. Recent signs of a shift in China's stance might make it easier for the key players to work together in the coming months and years, though the true significance of the shift remains to be seen.

Conference participants were overwhelmingly pessimistic about the push for a successor framework to the Kyoto Protocol. They gave scathing assessments of the annual Conference of Parties sessions of the UN Framework Convention on Climate Change (UNFCCC), which they portrayed as a "carnival" with too many participants for a constructive negotiation. The process is hardly steering straight toward its stated goal of completing an agreement in 2015.

Somehow, though, the rancorous dysfunction of the global climate talks is strangely disconnected from actions, discussions, and trends that are poised to bring about significant greenhouse gas reductions. Participants struck notes of optimism, such as the observation that "China is now the world's leader on renewables and India will be number two." As an exporter or investor, China is selling high-speed rail to Australia and nuclear reactors to the United Kingdom, and is constructing a power plant in Texas with cutting-edge technology for carbon capture and sequestration.

A critical piece of mitigating climate change, then, is looking for ways to harness the bright possibilities of the bottom-up level to boost prospects for the UNFCCC's grim top-down process.

- Use smaller multilateral venues such as the G-20, Major Economies Forum, and Climate Clean Air Coalition to maximum advantage—developing piecemeal actions, proposals, or frameworks that can be built upon and extended into broader international cooperation.
- Attune cooperative efforts to the cobenefits of greenhouse-gas reduction, in service of other emerging-power interests such as public health and the energy needs associated with continued growth and development.

- Structure the Kyoto follow-on regime to fit more realistically with constraints like those set forth by China and India in Copenhagen. Like so many of the contentious issues roiling the UNFCCC, the notion of putting the entire post-Kyoto regime in legally binding form threatens to jam up the process. One participant suggested a sort of *a la carte* system in which states choose from among the forms of participation and commitment: absolute emissions reductions, carbon-intensity reductions, preservation of carbon sinks, and/or climate financing.

Yet even with the hopeful developments and trends to mitigate climate change, progress may not be swift and substantial enough to save Pacific and other island nations whose very existence is at risk from rising sea levels. This danger led to a discussion of possible adaptation measures, such as trying to refreeze the Arctic ice cap.

Some participants urged that the problem be viewed through the lens of investment linked with development in the emerging economies. The development trajectories of India and China and others have an enormous impact on sustainability. “Emerging markets and developing countries now account for 70 to 75 percent of incremental investment,” said a participant. Climate change mitigation will thus be impossible unless that investment helps build a low-carbon future. China is expected to undergo further large-scale urbanization in the decades ahead—with huge potential for new mass transit, energy-efficient buildings, and other clean technologies. But with coal representing two-thirds of the energy base in China and India, as well as many other developing nations, switching away from coal or to cleaner coal technologies will be vital. And with mounting public anger over air quality in major Indian, Chinese, and Brazilian cities, things may be shifting in that direction. Promoting sustainable development in emerging powers and developing countries will require commensurate incentives—including thoughtful, targeted financing efforts.

### **Governance of the Global Commons**

For the conference discussions of global commons challenges such as maritime and Internet governance, participants worked to clarify issues and define problems rather than outline avenues of cooperation.

Despite the existence of an agreed maritime governance regime, in the form of the UN Convention on the Law of the Sea (UNCLOS), maritime disputes pose potentially destabilizing threats to the international order. Strictly speaking, these issues are not problems of the commons, but instead are disagreements over maritime territorial boundaries, and they afflict nearly every part of the globe—from the Arctic to the Persian Gulf to the South and East China Seas. It is also worth noting that nearly all the disputes center on natural resources, very often energy resources. UNCLOS has not proven capable of adjudicating these disputes, because of a lack of full US engagement (again the problem of treaty ratification) and because its dispute-settlement mechanism has not been brought to bear. And while regional bodies like the Association of Southeast Asian Nations are trying to manage tensions over the South China Sea with a maritime Code of Conduct, the South and East China Seas remain a dangerous potential flashpoint for US-China conflict.

Discussion of these disputes spurred participants to sharpen their concept of “commons.” While certain marine resources, like fisheries, are rival goods, most maritime navigation is nonrival, nonexcludable, and nondepleting. Moreover, the aforementioned territorial disputes, as well as the intergovernmental Arctic Council, are predicated on the idea of sovereign, rather than common, ownership of particular waters.

Regarding Internet governance, some countries are actually reasserting sovereignty and questioning whether that sphere should be treated as a global commons. BRICS members have started considering telecommunications cables that bypass the hubs and systems that make up the existing system. If carried out, such ideas could split the Internet into multiple Internets and greatly complicate matters. The policy debates on Internet governance and cybersecurity tend to be quite fast moving. Whereas the United States just six months ago called for global norms for commercial uses of cyberspace, recent revelations of US cyberespionage have highlighted zero-sum security issues in this sphere. Yet one participant stressed the distinction between governments spying on each other and spying on private corporations. In terms of outlining an agenda for the cybercommons, participants largely agreed that “we don’t yet know how we are going to deal with it.”

The analysis and recommendations included in this Policy Memo do not necessarily reflect the view of the Stanley Foundation or any of the conference participants, but rather draw upon the major strands of discussion put forward at the event. Participants neither reviewed nor approved this document. Therefore, it should not be assumed that every participant subscribes to all of its recommendations, observations, and conclusions.

*For further information, please contact Jennifer Smyser at the Stanley Foundation, 563-264-1500.*

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