

# BRIGHT SPOTS

Expert Views on Emerging-Established Power Cooperation

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## A Roving Global Inquiry

Of all the international challenges that confront emerging, established, and regional powers alike, which issues hold potential for advances to be achieved in one multilateral context or another? Stepping back from the panoply of ongoing multilateral efforts, it should be possible to take a fresh look at the agenda and ask which problems warrant a more prominent push.

This is a calculation with multiple factors: the urgency and stakes of the issue itself, convergence of interest among key governments, and a theory of change that charts a practical path forward. For a topic to have good prospects, its real-world ramifications are a necessary but insufficient condition; policymakers also must have some appetite for the issue and ways they can nudge it along. In 2013, the Stanley Foundation carried out a wide-ranging consultation with expert colleagues in the policy communities of emerging and established powers, asking which issues draw their interest as well as the attention of their governments.<sup>1</sup>

The middle sections of this paper discuss issues that arose prominently in the consultations, divided into three baskets: climate change and energy; economic and human development; and the global commons. While this breakdown functioned somewhat as a framework for the discussions, particularly the agenda of a roundtable discussion at the foundation's annual Strategy for Peace Conference, mainly these baskets serve as the substantive contexts for the more discrete issue areas that were the main object of the exercise. There was a widespread keen interest in the twin challenges of reducing carbon emissions and satisfying the demand for energy. In terms of pieces on which governments could constructively focus, experts stressed the importance of pragmatic alternatives to the dysfunctional global climate talks, climate-change financing, sectoral opportunities such as vehicle fuel economy, and collective approaches to energy security to dampen geostrategic competition over sources of supply.

And of course, the climate change and energy agenda is closely intertwined with issues of economic growth and development. In the latter area, the current debate over the successor framework to the Millennium Development Goals (MDGs) raises questions about the relationship be-

tween GDP growth and prosperity or poverty at the household level, along with questions of sustainability. One development challenge in particular, investment in infrastructure, is a very popular discussion topic among experts. The third basket concerns distinctly 21st century global commons—particularly maritime and cyberspace—into which nations find themselves drawn more deeply in a world of fast-paced globalization. Analysts see a need to clarify the rules for newly emerging electronic frontiers and a need to coexist on the world's oceans, so that key regions see more trade and less conflict.

Given the interconnections between many of these issue areas, the conceptual dividing lines are inevitably somewhat arbitrary. One of the demands upon the experts themselves is to become better versed across a range of subjects. But the analysis of potential for international cooperation hinges on charting a practical path forward for each issue. At a practical level, these exercises in multilateral agenda-setting come down to the application of the most suitable diplomatic and policy levers. Determining what is needed in order to achieve multilateral progress on an issue is a function of the given sphere of policy as well as any collective efforts already underway. For some issues, the norms, terms, and processes are well established and defined, while others are still at a stage where governments must figure out the rudiments of how they will be handled.

### The Case of Food Security

The G-20 discussion of food price shocks offers an example of ways to test ripeness for emerging-established power cooperation. There is widespread enthusiasm about the food security agenda at top levels of G-20 governments; the issue is regularly cited by G-20 officials on their short list of active topics. And rightly so, given the devastating impact of the 2008 spike in staple food prices on many of the world's most vulnerable households. Globalized commodity markets and burgeoning agricultural trade have left the world's poorest at the mercy of wide swings in the market.

Just like the financial meltdown of that year, the price-shock issue leaves political leaders with the question of whether they have done enough to prevent a repeat of the crisis. The substance of what governments should do, though, is a bit murkier. While G-20 leaders have

taken a few useful steps, additional consensus-building is needed for the next phase of the agenda; the question of the causes of commodity market volatility is still a matter of dispute.

The G-20's actions thus far show consensus on one known factor of market volatility: export restrictions. Past governmental attempts at self-help in response to food crises—trying to resist market forces with trade barriers—have usually worsened matters. As one conference participant recounted, “When you have crop failures, there is an impetus for countries to close off export markets in 1930s-style protectionism. We need agreements in place to forestall that; otherwise food aid regimes will undermine global production.” The commitment by G-20 leaders to refrain from export restrictions is thus quite important. The other significant step in the G-20 was to set up the Agricultural Market Information System data-sharing forum (housed at the UN Food and Agricultural Organization) where experts help make commodity markets more transparent—hopefully boosting governments’ confidence in the basic predictability of the markets.

As for potential next steps, three other suspected drivers of price spikes are on the radar: use of publicly held buffer stocks of food; the food-fuel link; and the “financialization” of agricultural commodities. Some of the political sensitivities and rigid positions on these issues have softened, yet there still is not a common diagnosis to serve as a basis for collective action. Despite interest among senior officials, the next significant cooperative steps are contingent on additional expert-level discourse. Meanwhile, perhaps policymakers could spur the necessary empirical analysis.<sup>2</sup>

### **International Politics and Domestic Politics**

The dynamic between senior levels and technocrats who tend to be more narrowly focused is important because it points toward two ways top policymakers can spur multilateral cooperation: by providing impetus for others to forge solutions or playing a hands-on role in bridging sensitive political differences. Among global governance analysts in emerging and established powers alike, domestic political considerations are constantly in mind. For one thing, the Great Recession and anemic recovery have intensified the economic imperatives for governments. To properly understand the interplay of interests, one expert

cautioned against the very notion of national interests: “We are talking about leaders, not countries,” meaning the calculations of individual decision makers rather than “amorphous countries” in their entirety. To some extent, many emerging powers are new to grappling with many of the global governance issues in this report and have a lot of distance to cover in relationships with each other and with established powers. An American who has dealt closely with the G-20 process mentioned that whereas US and European leaders could call each other to discuss and coordinate policies in a matter of days, the BRICS countries—Brazil, Russia, India, China, and South Africa—could take months to realize they even needed to communicate.



*The Brazilian Parliament’s Chamber of Deputies is the lower house of federal legislators in Brazil. Public backlash against spying by the US National Security Agency led to Brazilian President Dilma Rousseff’s cancellation of a state visit to the White House planned for October 23, 2013. It would have been the first state visit by a Brazilian president to the United States in 18 years. (Wikipedia Photo)*

It is not that domestic constraints now completely overwhelm international political pressures, though. An Indian expert at a Stanley Foundation conference said he saw the debates over major global issues growing more visible and transparent. The combined effect of rising people power and the information revolution, he said, is that

multilateral cooperation plays out for domestic and global audiences to see simultaneously. Home-front constituencies and the “rest of the world” are all watching together.

In a similar vein, an Australian analyst portrayed steady mutual peer pressure as the only remaining hope for top-level multilateral cooperation. While it has grown harder than ever to break through major persistent deadlocks on certain issues or reform international institutions, it is still possible to induce governments to take unilateral steps on behalf of the wider global good.

Nor are the ramifications of domestic politics always a counterweight against international cooperation. Participants at one conference stressed that the interests of different domestic constituencies often fall on opposite sides of an issue. Farmers with strong export markets, for instance, feel the pinch when food exports are banned during a crisis. And if nothing else, differing governmental priorities sometimes offer multiple rationales for the same measures—giving the players a way to reach agreement via various routes. As discussed below, this idea of co-benefits for collective action figures prominently for climate/energy issues.

### The View from Key Capitals

Of the emerging powers we consulted, the one that received the most notice from experts was China. As the BRICS countries took on the role of the world’s economic growth engine following the financial crisis, China was in the lead as the world’s second largest economy. As a trading partner, China seemed to play a significant economic role in every country. Now, China is attempting to escape the middle-income trap, which will require internal reforms and continued integration with the world economy. According to one Chinese analyst, despite its continued development challenges, China possesses an identity distinct from the rest of the developing world because of its significant economic size and rapid economic growth. The country’s attitude toward international responsibility has changed, with the government demonstrating greater interest in contributing to public goods and sharing global responsibility. Countries see China’s growing global bonds as beneficial but still question its opaque practices and motives. Geopolitically, India and the United States see Chinese



*Chinese Communist Party leader Xi Jinping (right), shakes hands with Hu Jintao during the National People's Congress at the Great Hall of the People in Beijing. On March 14, 2013, Xi was elected as president replacing Hu Jintao. (The Yomiuri Shimbun/AP Photo)*

territorial claims as threatening. In economic, security, energy, and environmental issues, China remains an important and growing part of the puzzle.

The second largest country in the world by population and the world's largest democracy, India has managed to maintain a decade of rapid economic growth, though it now faces a slump. Indeed, India faces deep poverty challenges, as it is home to a third of the world's poor. India continues to hold onto its historical role as a leader of the G-77 countries and their tendency in the view of established powers toward inflexibility, particularly when it comes to climate and development issues in the United Nations. Domestically, devolution of authority from the national government to the states is occurring, making it difficult to enact reforms. India also faces an election this year, in which the ten-year reign of the Congress Party may end. Since the end of the Cold War, India has made major strides in its relationships with the Western nations, but on the global agenda considerable tension remains.

Brazil is the largest country in South America. Since the dictatorship ended in 1985, it has reengaged with the world. In the 1990s, it joined



the World Trade Organization and the Non-Proliferation Treaty. Under President Lula Silva, Brazil began to push for leadership status. It has sought a permanent UN Security Council seat. It has proposed the concept of Responsibility while Protecting, a corollary to Responsibility to Protect. With Turkey, Brazil attempted to involve itself in the Iranian nuclear issue. In Latin America, Brazilian proposals led to the creation of the Union of South American Nations. Brazil has led the UN peacekeeping command in Haiti. Among emerging powers, it has played an important role in BRICS and IBSA (India, Brazil, South Africa). It has also sought closer security and economic ties (the latter particularly through the Brazilian Development Bank) with Africa and the South Atlantic. Brazil's energy mix is impressive, with nearly half of its domestic supply coming from renewables such as sugarcane ethanol and hydroelectricity. Brazil projects an image of environmental and social responsibility, highlighted by its hosting of the Rio+20 UN Conference on Sustainable Development. As host of the upcoming World Cup and Olympic games, Brazil has come a long way. But in the last year, it has faced problems with slower economic growth, lack of infrastructure investment, and massive protests. Even in its energy portfolio, the Brazilian national energy company, Petrobras, faces investment shortfalls for key projects. And 2014 is an election year. Internationally, leaks about National Security Agency spying on Brazil have chilled its relations with the United States.

South Africa plays a role as a leader of and entry point to Africa. After apartheid, it has seen itself as a pillar of solidarity among developing countries while keeping pragmatic options open. South Africa plays a significant role in Africa's security—particularly peacekeeping in Burundi, the Central African Republic, and Sudan. Like Brazil and India, South Africa seeks a permanent seat on the UN Security Council. South Africa has promoted Africa as an investment opportunity, particularly in infrastructure. One example is the North-South Corridor Programme, which seeks to link landlocked and coastal countries through energy, transportation, and water infrastructure in southern and eastern Africa. South Africa has engaged emerging powers in the BRICS and IBSA groups. It is increasingly interested in trade in the Indian Ocean. Despite its historical legacy of leadership, South Africa faces economic rivals in Africa, particularly Nigeria, which may surpass South Africa's GDP in a few years. Sev-

eral voices in Pretoria pointed out the need for economic reforms in South Africa in order to improve growth, but they were not sure whether it could be done soon.

## Climate Change and Energy

**The Kyoto Protocol.** The problems plaguing the UN Framework Convention on Climate Change (UNFCCC) are well known. The difficulty of negotiating a successor agreement to the Kyoto Protocol should surprise no one. Any negotiation among the entire world community is bound to be fraught—the ultimate problem of drafting by committee. But there is also the question of whether Kyoto is a suitable model and precedent for the current talks; famously, the earlier regime did not compel the world’s three top greenhouse gas emitters to cut their emissions.

For all the rancor surrounding the global climate talks, there are numerous actions, discussions, and trends poised to bring about significant greenhouse gas reductions. Indeed many experts have started looking for ways to harness the bright bottom-up possibilities to make climate cooperation more constructive than the present, top-down UNFCCC process. Part of the problem is the misguided effort to load everything onto a single multilateral regime. As one conference participant put it, “There isn’t a single answer, and even the issue of climate change isn’t a single problem. There is a regime complex with many different organizations dealing with the problem and multiple problems embedded in it.” To be more effective, the international community should break the agenda down into “manageable chunks” such as deforestation or sectoral emissions and build cooperation among the key stakeholders needed to deal with each chunk.

Despite the widely shared critique of the UNFCCC, collapsing or even sidelining it is no easy matter. For all their shortcomings, the global talks have the strongest claim to procedural representativeness and legitimacy. As one expert put it, “Even if it is unwieldy, you can’t kill it off.” Indeed, with the recent commitments by all governments to reach an agreement in 2015 (to enter force in 2020), abandoning this commitment would constitute a 180-degree lurch and at any rate is hard to imagine. To have the talks stretch on inconclusively—as the global trade talks have done—wouldn’t be much better; it would only



*Connie Hedegaard (left), European commissioner for climate action, and Zhenhua Xie, minister/vice-chairman of the Chinese National Development and Reform Commission, meet at the UN Climate Change Conference in Doha in 2012. (unfccc.int photo)*

heighten the general mood of cynicism that pervades the climate debate. The UNFCCC must reach some sort of conclusion.

Strangely overshadowed in the debate is the 2009 Copenhagen Accord. It was a major advance when China and India signaled at Copenhagen a willingness to work within a pledge-and-review system, yet the main thrust in the UNFCCC talks aims toward the tightest legally binding agreement possible. A number of global governance experts warned about perverse effects from overzealousness about binding commitments, which are apt to provoke Beijing and New Delhi so that they work harder at keeping from being on the hook than on actually reducing emissions. One Indian expert suggested that the Kyoto successor regime could be an a la carte system in which states choose from among the forms of participation and commitment: absolute emissions reductions, carbon-intensity reductions, market-based pricing, climate financing, etc.

But while India's and China's development imperatives are nonnegotiable, neither government rebuffs concerns about greenhouse gas

emissions as they once did. As one Chinese expert put it, “The Chinese government likes to do new things, but you have to tell them why and how,” a disposition that tracks with the role of reform and innovation in China’s growth trajectory. To some extent the shift of attitude on carbon emissions stems from the growing recognition of the reality and consequences of climate change. The Chinese and Indian leaderships also have reasons of their own to worry about fossil fuel consumption. Increasingly noxious air quality in China has emerged as a major public health concern, if not crisis. In India, the anxiety is about meeting energy demand as the country develops and becomes more prosperous—a need that argues for energy efficiency and a diversified mix of sources. As a bilateral issue with the United States, for example, the import of American liquefied natural gas is high on the agenda of the Indian policy community. The more fundamental point, though, is the value of co-benefits such as healthier air or adequate energy supply as the international community struggles with the climate challenge.

**Climate Multilateralism.** Large agreements through the UN international climate negotiation process like the Kyoto Protocol provide the general framework for climate change diplomacy, but the UNFCCC process has become cumbersome in spurring action with the need to negotiate between 195 parties. With the global economic slowdown, it has become even harder to take large steps. Using more flexible multilateral venues could provide confidence-building opportunities between the major actors, thereby helping build political receptiveness to cooperation. A former senior Brazilian official said that progress between emerging and established powers in this manner would produce a positive spillover globally.

In the past year, the United States and China have advanced steps that could be taken by emerging and established powers. The United States has become more active on climate with its recently announced executive branch initiative to reduce emissions. China, too, has embarked on initiatives this year, from coal taxes to vehicle emissions. In bilateral meetings, the United States and China have agreed to limit hydrofluorocarbons, a greenhouse gas commonly used in refrigerators. The United States engaged India to make the same step, and now the G-20 has announced its intention to add hydrofluorocarbons to the Montreal Protocol.

The major economies and greenhouse gas emitters are looking for practical agreements and multilateral forums to take steps against climate change. Indeed, in the Major Economies Forum—a venue of 17 of the world’s largest economies responsible for 80 percent of emissions—the United States has introduced an action agenda on buildings efficiency. These initiatives need to be balanced with the discussions of commitments and equity found in the United Nations. Several Indian voices were particularly sensitive to this, even in forums where voices from other emerging powers showed flexibility.

There are many venues and sectors that could be matched up. Several US officials and experts have told the foundation that the Major Economies Forum could expand its action agenda beyond buildings efficiency. The UN secretary-general’s Sustainable Energy for All initiative lays out sectoral opportunities. Multilateral development banks could also play a role.

**Climate Finance.** One vexed issue for the multilateral climate talks has been climate finance, especially since the UNFCCC meeting in Copenhagen. As energy use increases globally, new technologies will have to be developed and employed. This requires money. The World Bank estimates \$70 billion to \$100 billion will be needed annually. Climate finance is closely tied to economic development. Industry and new technologies will expand energy access, supply renewable energy, and improve energy efficiency. Climate finance is a sustainable development model and puts in place new channels and frameworks for development cooperation.

This involves wealth transfer from developed countries to developing countries, which can be controversial and difficult. Developing countries are interested in and eager for financing. Established powers, while not eager to just give away money, also see an opportunity to develop markets. The World Bank and United Nations have a variety of climate-finance instruments. Countries are figuring out how to combine finance and technology transfer. While there is something of an impasse between governments, multilateral banks and development banks are establishing large financing mechanisms. At the moment, global banks are meeting to establish the Green Climate Fund (GCF), which was given a mandate at the 2010 Cancun UNFCCC

meeting. As it takes shape, an opportunity arises for emerging powers to influence the world's main international financial institutions.

The roles of developed and developing countries are sharply distinct in climate finance. Developed countries finance; developing countries implement. Which countries should get recognition or credit? For what should they get credit? How will they get credit? What makes a project worth financing? How are developing countries contributing when they get funding?

While the original context of the climate-finance issue is the UNFCCC process, key dimensions are being dealt with in the G-20, multilateral development banks, and UN specialized agencies. Other technical international organizations, like the International Maritime Organization and International Civil Aviation Organization, also have roles to play. One of the most "live" issues is the creation of the GCF, in which board members representing emerging and established powers are shaping the fund's business model. The GCF will be operational around the same time as the negotiations for the Kyoto Protocol follow-on agreement, from which it will be taking cues. Also, the International Development Finance Club, which consists of the world's largest national development banks, is working on how to interface with the GCF. Multilateral financial institutions can also work on financial incentives for low-carbon development. The World Bank's declaration that it will no longer fund coal-use projects is an example.

The dilemma in making climate finance work and generating enough resources goes back to developed countries' willingness to contribute, and how developing countries should put those contributions to use. While all the actors in international climate negotiations have recognized the importance of climate finance, it has been difficult to mobilize.

**Fuel Economy.** With so many colleagues arguing for stronger links between the top-down and bottom-up dynamics of climate action, the Stanley Foundation started exploring an area that appeared ripe with these sorts of possibilities: the efficiency and emissions of motor vehicles. Based on the foundation's recent years closely monitoring the G-20, the idea of a collective commitment on fuel economy fits well with the G-20's agenda and the kinds of measures unveiled at its summits.



*Cyclists ride on a road in heavy smog in Ganyu county, east China's Jiangsu province, December 7, 2013. The air quality indexes in nearly 80 cities were above 200 that week, meaning the air was heavily or severely polluted. (Imaginechina via AP Images)*

In terms of interest from among the established powers, a push on fuel-economy standards holds definite appeal for the United States, where they are slated to double over a period of 13 years. Recalling the above-mentioned point about the interests of political leaders themselves—as opposed to monolithic national interests—the heightened standards in the United States came as part of President Barack Obama's auto industry bailout and count as one of his most significant strikes for climate change mitigation.

More globally, this policy area lends itself to being interpreted in terms of top-down versus bottom-up, high politics versus technical standards. The well-established pattern for fuel economy has been that the industrialized powers like the United States and Europe pave the way with tighter regulations, with other auto manufacturing centers following their lead. Other than within Europe, this has primarily been a bottom-up dynamic. And just as the issue has been absent from the high-level intergovernmental agenda, likewise there has been minimal interchange between senior diplomats and technical experts.

Transportation analysts have actually been very active at the trans-governmental and other bottom-up levels, building strong global networks such as the Global Fuel Economy Initiative (GFEI) and the International Council on Clean Transportation (ICCT). When approached to discuss the possibility of pressing for G-20 action on the topic, these advocates for greener transportation recognized the advantages of working through top-level diplomacy to achieve swifter progress. As in many such situations, the key step was to crystalize the agenda into actionable recommendations. The Stanley Foundation collaborated with the leaders of ICCT and GFEI on a proposal with eight steps that could be taken at the November 2014 summit in Brisbane and used the G-20's Think20 consultation process as a channel to present their recommendations. The proposed measures covered passenger vehicles as well as heavier-duty trucks, for which regulatory regimes have not progressed as far. To give G-20 leaders a menu of options, the recommendations were quite varied, ranging from a global aggregate target to pledged percentage improvements in the national auto fleets, low-sulfur diesel fuel, and programs to make cargo trucks more aerodynamic.

The government that hosts the next G-20 summit serves as chair for the preparatory process and thus holds a lot of sway over the agenda. In this instance, it is a newly elected Australian government that campaigned against its predecessor's hawkish climate change policies. Counterintuitively though, the government of Prime Minister Tony Abbott might welcome a chance to show climate change concern after dismantling the previous carbon pricing scheme. More to the point, the fuel economy issue could offer attractive co-benefits for Abbott. As a leading Australian climate advocate explained, easing consumers' "pain at the pump" with more efficient cars will be the strongest domestic political argument—offering relief to Australians' household budgets. This is also an argument President Obama has highlighted in his own speeches.

**Energy Security.** The premise for international cooperation in energy security is that countries and their populations need energy to prosper, while lowering greenhouse gases and dealing with the shifting geopolitical order. Global energy policy is often about dealing with differences in countries' energy and infrastructure matrices, suppliers and



consumers, and carbon emissions. Given each country's unique role in global energy, how can each play a constructive role? Issues such as energy poverty, national development, sustainability, and price volatility are very much a part of global energy governance. Energy price spikes do not increase the probability for political instability but generate feedback in other sectors, including food. While more indirect, energy often plays a role in territorial disputes in important geopolitical regions as well as in the processes of corrupt and oppressive regimes.

Emerging and established powers are reshaping their energy policies in response to large shifts in the global energy market. The top energy consumers are now in Asia. The United States has become a leading energy supplier along with Brazil. In Washington, the policy community is figuring out what to do as the United States becomes an energy power. For India and China, which is now the world's largest energy consumer, energy supplies have become a huge concern, and both are keen to access natural gas. Brazil, with its pre-salt oil and gas discoveries and its leadership in biofuels, has a large stake in energy issues as well.

Energy is needed to bring people into the modern global economy. As developing countries grow, they consume more energy and must power new industries and infrastructure. China is the world's largest investor in renewable energy technologies and the world's largest solar- and wind-energy producer. New technologies have opened up new energy sources, from renewables to shale gas. The United States is switching from coal to natural gas.

Multilateral efforts on energy cooperation began with a focus on price shocks, whereby the International Energy Agency (IEA) coordinates the reserves of Organisation for Economic Co-operation and Development (OECD) countries, while the Organization of the Petroleum Exporting Countries (OPEC) coordinates supply. In 2009, China overtook the United States as the world's largest energy consumer. Even prior to this, the United States and eminent figures like Henry Kissinger were calling for Chinese membership in the IEA. Because the IEA is a creature of the OECD, the most that could be done was to create an official dialogue with emerging powers. On the OPEC



*Petrobras's liquefied natural gas (LNG) terminal sits at the Guanabara Bay in Rio de Janeiro, March, 2009. The Guanabara Bay terminal is the second LNG terminal in Brazil. Although much of Brazil's natural gas is imported from Bolivia, it is anticipating a natural gas boom in the coming years. (AP Photo/Silvia Izquierdo)*

front, Saudi Arabia established the International Energy Forum for new large oil producers and consumers. The G-20 has also played a role on global energy policy. Questions about the viability of this coordination system have been raised as China and India have become key energy consumers. Brazil, China, and India are missing from the IEA, OPEC, and G-8.

As a result of these gaps, emerging powers tend to use bilateral means to deal with energy issues, making it difficult to develop norms that adjust to their rise as not only critical players in energy markets but geopolitical powers. The dilemma has been that this hodgepodge of multilateral organizations makes awkward fits for issues that need either formal or informal settings, technical expertise or staff, and the right mix of players. There are also many climate change venues that deal with energy policy, such as the Major Economies Forum and UNFCCC. Regional organizations like the Association of Southeast Asian Nations (ASEAN) and the Arctic Council have risen in importance as they take on the geopolitical side of energy issues.

The field of global energy governance has a lot of room for work on emerging and established powers cooperation. There has not been much exchange, and there are many suspicions on all sides. For example, the United States worries about Chinese mercantilism and state capitalism in energy markets, support for oppressive and corrupt regimes in exchange for supplies, and willingness to start international conflicts over energy resources. China worries about the United States excluding it from governance institutions, declining US imports of energy, US Middle East policy, and strategic confrontation. These worries, however, are not intractable; rather they are ripe for working on.

## Economic and Human Development

**Millennium Development Goals.** As the follow-on development agenda to the Millennium Development Goals approaches in 2015, countries are working out how they will engage in this new development landscape. It is one of the highest profile multilateral schemes of the decade. In the 2000 Millennium Summit at the United Nations, the MDGs were established to cut in half the number of people living in extreme poverty and other human-development problems by 2015. The poverty goal has been reached, largely due to economic growth, but other goals lag behind. Now the United Nations is working on the post-2015 development agenda.

Emerging powers see this agenda as a way to show leadership. As advanced economies pull back on development assistance and emerging powers, home to much of the world's poor, move into the middle-income economy category, the development agenda will be shaped by what additional actions these governments can take beyond the former target of cutting global poverty in half. This will engage emerging and established powers in questions about the quality of development—environmental, social, and political. Like international climate change diplomacy, “common but differentiated responsibility” has been introduced into development discussions. Faced with fiscal challenges, advanced economies are searching for solutions for development financing through the private sector. Another issue is finding the proper role for multilateral development banks. This part of the development agenda would overlap with the G-20. With increased awareness of social, environmental, political, and economic factors,

many voices want countries to incorporate them in the next steps of economic and human development. Even though the MDGs have attained the central goal of cutting global poverty in half, it takes comprehensive action to ensure this trajectory continues. Many emerging economies are concerned about the inequality that comes about in periods of high growth.

The post-2015 development agenda is a UN initiative. There are many questions countries must answer, including whether poverty or other ideas (like sustainable development) will be the focus of the next development objectives, how the agenda will set the context for other multilateral agreements and the operations of UN specialized agencies, how targets will be formulated, and how they will be measured.

The High-Level Panel on the Post-2015 Development Agenda, which includes senior policy actors from the core emerging and established powers, released a wide-ranging list of issue areas: peace, inequality, climate change, cities, young people, women and girls, and sustainable consumption and development patterns. Moreover, the MDGs provided benchmarks and captured the international community's attention—focusing the mind globally as well as in local communities. In India, for example, the MDGs led to discussion on gender, maternal health, and education.

**Infrastructure Investment.** In this period of searching for new economic- and human-development norms, governments have recognized, as one participant at the Strategy for Peace Conference stated, “Advanced countries don’t have the fiscal or aid resources to put money on the table.” At the same time, “China now finances more infrastructure projects in Africa than all of the old powers and the African Development Bank.”

As the economies of the BRICS countries grow, they have found themselves acting as development leaders—providing aid in the form of South-South cooperation (a term used to differentiate such aid from North-South official development assistance and to describe technical assistance from like countries), often in the form of financing infrastructure projects in the developing world. The BRICS are mulling the creation of a new development bank. Advanced economies are also

ending aid programs in the BRICS and are finding ways to cooperate with them on development projects elsewhere.

At the Seoul summit in 2010, the G-20 put forth a development agenda with nine pillars. It was too large and unwieldy for follow-through. At the Los Cabos G-20 in 2013, the Mexican government made a point of focusing on green growth. The problem has been finding the proper role of the G-20 and focusing on what it can do best under its growth agenda. Lately, G-20 countries have concentrated on infrastructure investment as the core element of its development agenda.



*Hailed as the Millennium City and home to the Indian headquarters of many multinational firms, Gurgaon, once a village near New Delhi, has been transformed by the global economy. (Amy Bakke/Stanley Foundation)*

The G-20 can play a significant role in a new development approach. Australia, the next G-20 host, will be emphasizing infrastructure investment for development. Emerging powers see this as a key element of the G-20's demonstration of legitimacy. South Africans have shared the need for capital in long-planned regional projects. Brazilians have shared concerns about their domestic infrastructure and their hopes for projects that can improve links in the South Atlantic.

Emerging powers see infrastructure development as a potential G-20 agenda item that they can call their own. Infrastructure investment can give underdeveloped nations better links to regional and global economies. These links can lead to important geopolitical changes, particularly as continental interiors gain greater access to the oceans through new ports and transportation corridors.

While infrastructure investment is seen as an important part of economic growth, it attracts a lot of controversy. It often runs into underdeveloped regulatory systems. The right choices need to be made when there are social, political, and environmental trade-offs. A participant in one conference told of concern from the US private sector over how to achieve a triple bottom line in emerging markets. Some analysts voiced concerns that G-20 efforts were focused on large projects that could become boondoggles. They recommended that small and medium enterprises not be lost in the discussion.

G-20 countries are home to half of the world's poor. By identifying policies that can ease financial flows toward infrastructure among member countries, the G-20 can make a significant contribution to growth in underdeveloped regional economies. The emerging powers have critically important roles to play given their growing involvement in infrastructure investment around the world to gain access to goods.

The G-20 could bring about significant action on infrastructure investment and be a place to set global foreign investment norms in the form of anticorruption and transparency initiatives. Another dimension of infrastructure investment is the question of what changes need to be made to the roles and practices of multilateral development banks.



*The Port of Santos in Brazil is Latin America's busiest container port. Congestion at the port delayed exports of soybean crops in the spring of 2013. A single narrow road leads to the port. The Brazilian government is planning to make infrastructure investments to update the port, but critics say lack of rail and an overreliance on trucks in the country is the greater problem. (Kristin McHugh/Stansley Foundation)*

Although political agreements would represent progress, enough technical underpinning will be needed to follow through effectively. There will need to be focus on investment flows, capital market development, and trade. This would require policy actions to unlock long-term investment financing (LTIF) and develop local currency bond markets (LCBM).

Emerging powers are playing a major role in filling this financing gap, with traditional donors accounting for approximately 10 percent of development assistance compared with 80 percent from “new players.” One expert also highlighted several new initiatives to watch: the ASEAN infrastructure fund, Africa 50-50, and the BRICS development bank. Nonetheless, he said, these constitute “a very small puddle even if not a drop in the bucket.”

### **Clamping Down on Corruption**

The damage caused by corruption and rent collection is manifold. Corruption inflates public sector costs, deters private sector investment,

and can permeate entire political systems. Some of the worst harm is done to least developed countries, which stay trapped in a stunted state of development. And the urgency of the problem is reflected in the range of international organizations engaged in combatting it, including the G-20, United Nations, World Bank, International Monetary Fund, and OECD. The interplay among these multilateral efforts—and especially the role of the G-20 as a goad to action—make the issue intriguing as a potential paradigm for cooperation among emerging and established powers. As one conference participant put it, “This is a brilliant case study in agenda setting and norm strengthening.”

The normative bedrock for the anticorruption fight is the UN Convention against Corruption (UNCAC). The convention details how governments can ensure transparency and accountability through national legislation, strong anticorruption authorities, whistle-blower protection, and vigilance toward the laundering or hiding of ill-gotten assets. And these are the very measures that intergovernmental efforts try to induce.

The G-20 set up its Anti-Corruption Working Group in 2010 with the encouragement of the Obama administration but with the Indian and South African governments out in front as the working group’s cochairs. The initial push was for states to ratify the UNCAC, and after Indian ratification in 2011, Japan and Germany were left as the last G-20 nations not to have ratified. More recent efforts have centered on criminalizing foreign bribery, instituting whistleblower protections, and cracking down on money laundering and tax evasion. As characterized by one conference participant, the 2013 agreement on the exchange of tax information by governments was a “big development.” (The OECD, in its role as custodian of free-market norms, will serve as the coordinating body.) Another interesting feature of the working group is the inclusion of the nongovernmental organization (NGO) 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 prominent NGO merits a direct role in the official process.

## The Global Commons

**Maritime Governance.** The Stanley Foundation’s 2013 Strategy for Peace Conference featured a discussion of the commons. Discussion of



maritime disputes spurred participants to sharpen their concept of commons. While certain marine resources, such as fisheries, are rival goods, most maritime navigation is non-rival, non-excludable, and non-depleting. Moreover, many longstanding territorial disputes, as well as the intergovernmental Arctic Council, are predicated on the idea of sovereign, rather than common, ownership of particular waters.

Despite the existence of an agreed maritime governance regime, 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 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 but also fisheries. UNCLOS has not proven capable of adjudicating these disputes because of a lack of full US engagement (due to Congress's unwillingness to ratify the treaty) and because its dispute-settlement mechanism has not been brought to bear.

Latin America presents a strong example of maritime cooperation. Congruent with the Bogotá Pact, Latin American countries have used the framework of UNCLOS to bring maritime territorial claims against each other in the International Court of Justice. Peru has a case against Chile in the court, and Panama and Colombia have claims against Nicaragua. Nonstate actors also present challenges to maritime governance—primarily piracy, terrorism, drug trafficking, and human trafficking—that are being addressed at the regional level. One participant suggested that regional cooperation is most advanced in addressing these issues, particularly Latin American collaboration on maritime interdiction. The Inter-American Convention against Terrorism supports these efforts, according to another speaker.

New mechanisms for maritime cooperation are growing. UN Security Council Resolution 1851 established the Contact Group on Piracy Off the Coast of Somalia. This group has in part facilitated cooperation between Chinese, American, Indian, Russian, and European navies to deter and combat piracy threats. From 52 hijackings in 2009, there were no hijackings in 2013. The former NATO commander, Admiral James

Stavridis, has called for similar coordination in the Gulf of Guinea.<sup>3</sup> The United States has included China, India, and Russia in RIMPAC, the world's largest international naval exercise. Indian, Australian, and



*The US Coast Guard cutter escorts the Chinese fishing vessel Da Cheng, suspected of illegal high seas driftnet fishing in the North Pacific Ocean, on August 14, 2012. Coast Guard officials say the 177-foot Da Cheng, seized 850 miles east of Tokyo, was turned over to the China Fishery Law Enforcement Command. (AP Photo/US Coast Guard)*

South African voices expressed interest in the Indian Ocean Rim Association, a multilateral organization for the Indian Ocean region. India and China recently joined the Arctic Council. Greater engagement through these organizations could improve economic use of maritime regions, contribute to sustainability of the oceans, and manage rivalries.

Yet the South and East China seas remain a dangerous potential flashpoint for US-China conflict. One participant described the Philippines' attempt to bring a court claim against China regarding a South China Sea dispute. China responded by characterizing that action as "aggressive." Indeed, simmering resource disputes in the South China Sea lack a clear resolution mechanism: countries are working partly through ASEAN to establish a binding code of conduct, but as one expert put it, "progress is slow and friction remains." From the Chinese perspective, said one participant, "norms have not been established yet." Moreover, the "widespread opinion in China is that without the United States, there would not be such severe maritime disputes"—particularly because of American support for Japan. From the US perspective, however, increased Chinese assertiveness in the South China Sea is primarily to blame for recent tension. Moreover, those articulating the US perspective contended that China has much to gain by agreeing to dispute-resolution norms. Conversations with US, Chinese, and Japanese interlocutors have highlighted how dangerous the situation has become. Countries need to resolve the disputes peacefully through international norms.

**Internet Governance.** 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 through, such ideas could split the Internet into multiple internets and imperil the existence of the World Wide Web.

The policy debates on Internet governance and cybersecurity tend to be quite fast-moving. Whereas the United States not long ago called for global norms for commercial uses of cyberspace, revelations of US cyberespionage have highlighted zero-sum security issues in this sphere. One participant at the Strategy for Peace Conference stressed the distinction between governments spying on each other and spying on private corporations. Another participant pointed to the Inter-American Strategy for Cybersecurity as a possible model for cybersecurity norm creation.

The recent passing of an Internet privacy resolution in the UN Human Rights Council demonstrates the growing salience of the issue. 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.”

### An Intricate Agenda and Fluid International Politics

The roving inquiry summarized in this report posed a relatively open-ended question about emerging-established power cooperation and elicited wide-ranging responses. Taking stock of the international agenda with a view to the interests of older as well as newer power centers, it is a varied set of issues indeed. And with the current set of global governance challenges making for such a varied menu, it calls on global governance analysts to be more interdisciplinary than ever.



*In response to revelations of spying by the US National Security Agency, Brazil has proposed an underwater fiber-optic cable, a BRICS cable, that would bypass data flows through the United States. (BRICSscale.com)*

One of the perennial gripes about governmental bureaucracies is the stovepipes separating offices that should be working more closely together. The array of issues that arose in the past year’s conversations with experts raises a related question about separation between larger policy realms and fields of specialization such as economic, foreign, social, or security policy. If “joined-up” government is an imperative for optimal decision making and the execution of policy, a similar case can be made for the broader policy discourse.

One of this report's coauthors exchanged experiences with a Canadian colleague, noting where we had seen some gaps in cross-disciplinary familiarity. The colleague reported hearing economic and trade policy experts offering simplistic, apolitical views regarding government failure to do the supposedly obvious right thing. A coauthor similarly heard a senior US national security hand assert China would never agree to rebalance its economy away from dependence on exports—unaware, apparently, that Chinese leaders have actually done just that. This isn't to say all international policy analysts must be steeped in the details of every major issue, but the example shows how a failure to keep track of key facts can seriously warp perceptions.

Given the range of disciplines and specialties involved in the multilateral agenda, where does this leave the broader analysis of international relations and those who focus on classic intergovernmental processes? What is the comparative advantage of strategic thinkers specializing in high politics and political-security affairs? An extremely useful insight on this question came from a senior Indian policy thinker who said that for high politics, the essential object is the maintenance of a relatively peaceful international system. In times marked by stasis, the task is to work within the structure of a status quo order (think East-West relations and arms control during the Cold War). During periods of transition and shifting power, on the other hand, the role of high politics is to help chart smooth glide paths for the process of change—ways to minimize friction and reach difficult compromise. Indeed, responding collectively on any of the issues outlined above would help the world manage a delicate transition.

Perhaps the best place to end is with the question of how we view the operative political dynamic in our evolving international system. Our inquiry focused on cooperation between emerging and established powers out of a belief that shifting power poses one of the most important challenges of our times. The global order can only function well if its major premises and institutions reflect the basic common views of the major players. Yet while preserving this social contract is vital, it does not necessarily follow that an emerging-established powers divide is the defining political alignment of today's world. On the contrary, a significant consensus of experts warned against a primary focus on splits between newer and older powers. Take, for ex-

ample, the challenge of recovery from the Great Recession, topmost on the minds of leaders for the last several years. The real controversy has been within the traditional Western club.

Instead, analysts viewed contemporary international politics as essentially fluid, with alignments as intricate as the issues themselves. A South African expert encapsulated the basic task for global governance as “complex interdependence.” The analysis of issues and interests in this report seems to confirm these characterizations. One reaction to all of this complexity might be bewilderment. It is exacerbated by the distance between and among emerging and established powers. Many are large continental countries. The G-20 member states hold two-thirds of the world’s population. Established powers have only started to consider the new roles of emerging powers. Emerging powers have only started to grapple with how to use their global influence. But the experts in our global conversation were inclined to an optimistic view, finding malleable raw material for problem-solving cooperation. Stewart Patrick of the Council on Foreign Relations has written, “what really marks the contemporary era is not the absence of multilateralism but its astonishing diversity.”<sup>4</sup> Either way, major challenges such as climate change, economic development, and the shared stewardship of emerging electronic or maritime frontiers demand effective collective action, with little margin for error.



*Heads of state and other participants at the G-20 Summit in St. Petersburg, Russia, in 2013. (UN Photo/Eskinder Debebe)*

## Endnotes

<sup>1</sup> In 2013, in addition to group discussions at conferences, foundation staff traveled to meet individually with colleagues in Australia, Brazil, China, India, Korea, Russia, South Africa, and the United States.

<sup>2</sup> It is interesting to think of this example in connection with Anne-Marie Slaughter's book *A New World Order* (2004) and *transgovernmental* diplomacy (contrasted with the traditional state-to-state *intergovernmental* dynamic). Slaughter shows how international norms often are molded by collegial networks of experts—on jurisprudence, border control, or agriculture—who share professional rubrics. In cases like food security, there is an interplay between the two levels.

<sup>3</sup> James Stavridis, "Pirate Drones: How to Deal with Ransom on the High Seas," *Foreign Policy*, November 7, 2013, accessed January 10, 2014, [http://www.foreignpolicy.com/articles/2013/11/07/pirate\\_drones\\_stavridis](http://www.foreignpolicy.com/articles/2013/11/07/pirate_drones_stavridis).

<sup>4</sup> Stewart Patrick, "The Unruled World: The Case for Good Enough Global Governance," *Foreign Affairs*, January/February 2014, accessed January 10, 2014, <http://www.foreignaffairs.com/articles/140343/stewart-patrick/the-unruled-world>.

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## The Stanley Foundation

The Stanley Foundation advances multilateral action to create fair, just, and lasting solutions to critical issues of peace and security. Our work is built on the belief that greater international cooperation will enhance global governance and spur global citizenship. The foundation frequently collaborates with a wide range of organizations using different forums, formats, and venues to engage policy communities. We do not make grants.

Our programming addresses profound threats to human survival where improved multilateral governance and cooperation are fundamental to transforming real-world policy. Current efforts focus on policy improvement to prevent genocide and mass atrocities, eliminate the threat of nuclear terrorism, and drive collective and long-term action on climate change. The foundation also works to promote global education in our hometown of Muscatine, Iowa, and nearby.

A private operating foundation established in 1956, the Stanley Foundation maintains a long-term, independent, and nonpartisan perspective. Our publications, multimedia resources, and a wealth of other information about programming are available at *[www.stanleyfoundation.org](http://www.stanleyfoundation.org)*.

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# The Stanley Foundation

Between historic shifts in the power balance, geopolitical jockeying, and an international agenda brimming with consequential challenges, the current global picture raises big questions about how the world's key players will align themselves. Through the stances they take in a range of multilateral contexts, we can gauge key governments' appetites for problem-solving cooperation.

In 2013, the Stanley Foundation carried out a wide-ranging consultation with expert colleagues in the policy communities of emerging and established powers, asking which issues draw their interest as well as the attention of their governments.

Of all the international challenges that confront emerging, established, and regional powers alike, which issues hold potential for advances to be achieved in one multilateral context or another? Stepping back from the panoply of ongoing multilateral efforts, it should be possible to take a fresh look at the agenda and ask which problems warrant a more prominent push.