Blair's G8 Gamble: Prospects for Gleneagles

Introduction

The objective of this short report is to clarify the issues and assess the prospects for success of July’s G8 summit at Gleneagles. It focuses on development and Africa, as well as climate change.

On development and Africa, the report finds that a simple increase in financial aid to the continent is not a viable solution. Headline-grabbing increases in aid and debt cancellation in isolation are actually largely ineffectual in terms of improving the overall future prospects for Africa. The report highlights an alarming lack of foresight on issues surrounding good governance in Africa and the structuring of aid packages. However, record increases in the level of foreign direct investment in Africa as well as marked economic growth in some African countries are indicators that the continent is becoming a more viable place to do business. While corruption is still endemic in some states, there is a growing trend, especially in the sub-Saharan states, towards good governance and better economic management. This internal improvement within some African states has been almost completely overlooked by the very groups that should be attempting to foster such progress.

The report remains sceptical on the significance of the UK government-sponsored Commission for Africa, which can be seen largely as a missed opportunity. The high number of UK representatives on the Commission and the lack of a strong presence from other G8 countries underline concerns that the Commission is no more than a domestic political initiative from the UK government in order to raise its profile on helping Africa. The report also questions the need for the Commission for Africa in the first place, given that the institutional machinery for enabling change in Africa already exists.

On climate change there are no strong reasons for optimism in terms of clear, substantive policy progression. However, the Gleneagles summit will provide the greatest opportunity yet for climate change to become locked into all future discussions between the G8 nations as a central issue for debate. One minimum outcome must be for the G8 member states to commit to going beyond their current efforts for curbing emissions and to endorse and support nations willing to take a lead on developing long-term plans after the summit. Equally, it is vital that the G8 should agree to measures designed to ensure that international financial and development institutions take action to include climate change impacts in the mainstream of their development assistance plans. Overall on climate change the G8 remains weak in terms of policy implementation; its strength lies in providing the impetus to push for progress within already existing bodies such as the UN Commission for Sustainable Development.
Make poverty history: a too ambitious agenda?

If Africa is the flavour of the month, then the G8 meeting at Gleneagles is likely to leave a sour aftertaste. Taking advantage of the UK Presidencies of both the G8 and the EU this year, Tony Blair and Gordon Brown have proposed an ambitious agenda on Africa which builds on their participation on the Commission for Africa and on its recently released report. The Labour government can be accused of being over-ambitious but not of hypocrisy. The UK has doubled its bilateral aid to Africa and written off the debt of the poorest countries; and, through the Department for International Development (DFID), it is actively engaged on the continent. The question is whether it can persuade the rest of the G8 that increased assistance to Africa is money well spent.

Already the signs are not hopeful. The international finance facility which would have allowed governments to disburse money for Africa today based on future aid commitments has failed to win the support of the Bush administration. In terms of debt forgiveness, some G8 members are considered to favour only a modest move for the most desperate cases, although the recent Bush-Blair agreement might make it harder for them to refuse. And even this agreement on debt relief, if it is accepted by the G8, merely acknowledges that this money would probably not have been repaid anyway. In the short term, it provides little extra funding for African governments. In this area, Africa should expect little from Gleneagles. Mr Blair has come away from his trip to Washington with a pledge of $674 million (£371m) of mostly emergency assistance for Africa, far short of what he no doubt would have liked. Any moves to reduce agricultural subsidies in G8 countries which do so much harm to African farmers, or to lower tariffs on processed goods from Africa which relegate the continent to the status of a supplier of raw materials, are not even on the agenda.

Blair and Brown can be criticized in two ways for their handling of the G8 agenda concerning Africa. The first is that they have pushed too hard on Africa and that a more modest approach might have met with greater success and left less room for post-summit recriminations. The second is that the problem with Africa is Africa, not with how much money rich countries give.

The UK has done more than any other G8 member to put Africa on the global political agenda. Following on from the recommendations of the Commission for Africa, the government proposes a doubling of aid flows to Africa combined with debt forgiveness. The EU has pledged to double aid flows by 2015, while George W. Bush has been persuaded by Tony Blair to sign up to debt forgiveness. Progress beyond this point seems unlikely, however, whether at the meetings of G8 finance ministers or of EU ministers in the run-up to Gleneagles or at the G8 summit itself.

If the full agenda on Africa were adopted, it would greatly increase aid flows above their current levels and would represent a powerful statement of political support for African development and poverty alleviation. But if the proposals are considered ambitious, it is only because the existing level of assistance to Africa is so feeble. Rich-country governments already committed themselves to providing 0.7 per cent of GDP in development assistance as early as 1970 and have endorsed the Millennium Development Goals, achievement of which would require far more money than anything Blair could hope to muster from his international colleagues in their Scottish retreat.

A potentially deeper critique of the UK approach is not so much tactical as economic. As argued by Ian Taylor in International Affairs,1 Africa’s problem is one of governance. He cites a figure of one trillion dollars in aid at today’s prices over the past 50 years for Africa with very little to show for it. While some will argue that the situation would have been even worse without this money, Taylor suggests that aid has merely served to perpetuate a culture of patronage which is itself the root of the governance problem. According to this view, the Blair-Brown proposal amounts to throwing good money after bad.

Tied aid with strings attached

Without minimizing the role that African governments have played in squandering this bounty, donor governments must also share some of the responsibility. Aid has often been used as a tool of foreign policy and domestic commercial interests. In many cases, development assistance has amounted to nothing more than tied aid with strings attached. If tied aid involves giving with one hand while taking away with the other, the conditionality attached to aid flows has often been more political than economic. In the past, tyrants with Swiss bank accounts were rewarded for being a bulwark against communism. Massive US aid to Egypt is often seen as a reward for peace with Israel. When the actual economic benefit of such aid is only a secondary consideration, it is not surprising if the economic outcome is disappointing.

Is there any reason to believe that the Blair-Brown proposals on the table for the G8 meeting will prove any more effective in helping to pull Africa out of dire poverty? On the donor side, there are moves afoot to reduce the share of aid which is tied to purchases of donor-country goods and services and to divorce foreign aid from some of the most blatant foreign policy considerations. DFID, for example, is independent of the Foreign and Commonwealth Office (FCO). There is also a discussion of providing more aid through multilateral channels.

But the main reason to be hopeful is that, for the first time in decades, it is possible to argue that things have changed in many parts of Africa. Governments have stabilized the macro-economy, liberalized trade flows, embarked on a cautious path of privatization and made assiduous efforts to improve the investment climate for both domestic and foreign investors. In this last regard, they have submitted their policies not only to scrutiny by international organizations such as the World Bank and the United Nations Conference on

Trade and Development (UNCTAD), but also more significantly to their African peers as part of the New Partnership for Africa's Development (NEPAD) African Peer Review Mechanism.

Consider the example of Mozambique. Following 17 years of civil war and a legacy of central planning, the country found itself in 1992 one of the poorest in Africa and indeed in the world. Since the return of multiparty democracy, the government has privatized most state assets, achieved macroeconomic stability and sought to encourage investment through the removal of red tape and by actively courting potential investors. The economy has since grown over 7 per cent annually in real terms and has received $1.3 billion in foreign investment in the past five years alone. One major project, the Mozaal aluminium smelter, cost over $2 billion in two stages and led to substantial reforms in the way that the government reviews investment proposals. Mozal now accounts for almost one-half of industrial output and three-quarters of manufacturing exports.

By almost any measure, reforms throughout Africa have improved governance. While much remains to be done, African governments have nevertheless made greater progress in this area than many other developing countries. Sceptics will no doubt point out that these reforms have yet to translate into lasting improvements in economic performance. But many African economies are simply too small, too reliant for exports on a narrow range of volatile commodities and too dependent on erratic rainfall to enjoy uninterrupted economic growth. In spite of these inherent weaknesses, sub-Saharan Africa has managed a real growth rate of 3.3 per cent over the past three years, and some countries such as Botswana, Mozambique and Uganda have grown by much more than that over the past decade.

A more reliable indicator of whether reforms are starting to have an impact is private investment flows to Africa in the form of foreign direct investment (FDI). Firms’ investment plans reflect an assessment of the prospects for the region rather than a static view of current economic performance. Inflows into sub-Saharan Africa (excluding South Africa) have increased in almost every year over the past decade. Although total inflows of just over $8 billion in 2003 are insignificant by global standards, they are significant relative to the size of the African economy, which is the most appropriate comparison. By this measure Africa is performing as well as East and Southeast Asia, the darlings of the investment community.

Natural resources still dominate total inflows as one would expect, but an increasing share of FDI in Africa is in manufacturing and services, including the provision of infrastructure. UNCTAD reports that foreign investors have increased mobile phone use in Africa from 1.2 million to 51 million in only six years. The origin of this investment is also becoming more diverse. Investors from former colonial powers still retain the lion’s share of total investment, but a rising share is coming both from Asia and from within Africa itself. While many Asian firms have invested to take advantage of preferential access to the US market for textiles and apparel, most other investors outside the raw materials sector seek to profit from the improved growth prospects for the regional market. South African firms are now present throughout southern Africa as well as in much of the rest of the continent in retailing, energy, telecommunications, financial services, information technology, construction, manufacturing and mining.

Investor sentiment is still fragile, and much more needs to be done by African governments to reduce the high transaction costs involved in doing business in Africa. But where governments are committed to reform, as in Uganda, firms are willing to tolerate possible delays, corruption or a general lack of transparency.

It is often said that the presence of bilateral and multilateral donors can play a role in reassuring potential investors when it comes to investing in high-risk markets. In the case of Africa, however, the reverse might apply: potential donors might take comfort from the presence of foreign investors already on the ground. If foreign investors have demonstrated a willingness to put their own money into Africa, it will be hard for G8 governments to argue that governance on the continent is not sufficient to allow for the greater commitment of public money that Africa so desperately needs.

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The UK, the Commission for Africa and the Gleneagles Summit

In the report of the Commission for Africa the G8 has been presented with another reasonably coherent plan for the continent. If the governments of the developed world and of Africa rallied behind it, it would be an important step in beginning to address the problems seriously. However, the support of governments is not a whim of fate but the essential goal of diplomacy. The question is, what kind of international politics does the Commission for Africa represent? Is it a well-justified foundation for building a radical and active international consensus, or a foreign policy publicity exercise carried out largely for domestic consumption?

The scale of Africa’s problems, and international unwillingness to engage adequately with them, make it easy to lead the heroic charge, fail, and be held blameless. But the people of Africa deserve more. They deserve a sustained effort on behalf of maximalist goals pursued in the way most likely to effect real change. The Commission for Africa has set out the maximalist goals. Whether they are worked for long-term we will have to wait and see. However, so far they have been pursued with more overtones of show-business than realpolitik.

Britain cannot solve the problems of Africa by itself. It can do more, and has already taken steps, in unilateral measures to increase aid, as well as other practical moves such as taking action on the involvement of British companies in corruption and money-laundering. However, for the immense challenges facing Africa to be addressed, it will require real commitment from the governments of the
developed world and of Africa. As has been pointed out many times, headline increases in aid levels or debt cancellation in isolation are unlikely to effect real change. Developed countries need to deliver increased, better and more coordinated aid, debt cancellation, removing obstacles to trade, and real commitment to preventing and managing conflict. African governments will likewise need to deliver better governance and regional cooperation.

The coinciding UK Presidencies of the G8 and the European Union do represent an opportunity for the UK to move Africa up the international agenda and to make advances in building a more effective and committed international coalition on tackling its problems. However, the leverage that these positions give should not be overestimated. Britain cannot impose its recommendations on its partners, merely set the agenda and lobby. And while the Prime Minister and Chancellor pursue their high-profile international lobbying campaigns, they have already damaged their attempts to build an effective coalition by prioritizing domestic attention.

**Missed opportunities**

The Commission for Africa was an opportunity to engage partners in the lead-up to the Gleneagles summit, but it was largely an opportunity missed. The drafting of the Report was overseen by 17 Commissioners. Nine of them were credible, serious African interlocutors and this was indeed positive, if ad hoc, in terms of gaining support from African governments.

More importantly, this was the chance to engage wide ownership of the process that would need an unprecedented joint effort, and sacrifices, from developed countries. Instead, three members of Tony Blair’s government, including himself, sat on the Commission. The direct experience of Mr Blair and Mr Brown with Africa could be questioned, but that is not the central issue because their presence was a concrete sign of substantial political commitment. The representatives from the US and France are distinguished but not current, senior members of their respective administrations. Beside them sat no one from Japan, no one from Germany, no one from Russia. Bob Geldof is a tireless advocate for Africa but his style of campaigning is unlikely to work with the US or Japanese governments from which major shifts in policy are called for. Together with the multiple representation of the British government, this sends the message that domestic political attention and kudos are being prioritized to the detriment of wider support.

Russia holds the Presidency of the G8 next year. Germany after that. Without their involvement, the Report of the Commission looks very much like a ‘British Report’ without the input or loyalty of other crucial countries which could keep it from becoming a dead letter. Japan is reducing its net aid commitments again this year. The US spends just 0.15 per cent of its national income on aid. Their loyalty to this initiative is crucial and they were not brought in on the ground floor.

The European Union, on the other hand, is – as a bloc – the biggest generator of trade and aid in the world. It has the most coordinated regional policies on both, and structured links with Africa. While the EU has made strong new commitments to increasing aid, it is unclear that Mr Blair has focused much effort on manoeuvring the Report as a whole on to the EU agenda in good time for progress to be made during the UK Presidency. Once Britain accedes to the Presidency on 1 July, its obligations as chair will make it difficult to push its own agenda strongly, especially when other EU partners, with the exception of France, were not represented on the Commission. Germany and Italy, members of both the G8 and EU, have some clear reservations on the recommendations and neither was asked to participate in their formulation. The image in Europe of the Commission for Africa may already be irretrievably weak, as illustrated by its description by one senior European Commission trade official as a UK initiative driven by ‘NGOs and celebrities’.

**Too many reports**

Beyond the composition of the Commission, and the dubious focus on the event of the joint presidency instead of the longer perspective, the value of having another report must itself be questioned. The G8 agreed to an African Action Plan at Kananaskis in 2002. The UN has adopted impressive Millennium Development Goals but progress on them has been poor. Could Tony Blair not more usefully have led a ‘big push’ on these goals rather than start another overlapping process from scratch? Lobbying for more action on goals to which governments and institutions are already formally committed would seem a more promising mode of activism. Alternatively or in parallel, stronger advocacy on behalf of the agendas of the African Union and NEPAD might strengthen the reforming voices in Africa itself and have the benefit of existing formal ownership on that continent. As it is, the case for Commission must be argued at Gleneagles with governments sceptical of more promises after so many unfulfilled commitments.

Tony Blair is now leading the lobbying effort for the Commission’s recommendations and he must be wished success. However, serious doubts and opposition are already being expressed publicly by the US, Germany and most other G8 partners about the recommendations. He has undermined himself by the approach he has taken and it is doubtful that the report will be agreed and implemented in all its ambition.

But this must not be a glorious charge and well-intentioned failure. On the challenges ahead, Mr Blair has written that ‘there is no certainty of success, but it won’t be for want of trying’. So far, his approach has been more consistent with making a well-intentioned, visibly British-led attempt to ‘save Africa’ that will ameliorate his tarnished image after Iraq and express his sincere personal commitment to ending the suffering of the continent, rather than with an effective attempt to achieve significant positive change for Africa.

To be effective, what is actually needed is for the UK government to pursue two paths in parallel. The
first is to lead by example on increasing aid and fulfilling the promise of an ‘ethical dimension’ in its foreign policy in more and more concrete ways. If Africa is to be a sustained priority, then this must be backed up by an integrated institutional focus. Therefore, the FCO is sending a worrying signal in moving away from country- and region-specific focus to thematic issues and closing diplomatic missions in three countries in Africa. It is also unhelpful that the Minister responsible for Africa has been changed five times since 1997; this undermines consistent policies and the building of effective diplomatic relationships.

The second track is for the UK to be a consistent and effective advocate for the peoples across Africa in the G8, EU, UN and WTO. This is not an endeavour that should be, or can be, limited to the 2005 Presidencies. It is best achieved by constant and sensitive coalition-building, not headline-grabbing solo runs. The UK can significantly alter the centre of gravity of debates in all these international fora: implementing best practice and effective donor coordination in the EU, supporting a progressive consensus on debt cancellation, leading the push on reducing barriers for African exports at the WTO, responding consistently and quickly to conflict on the continent through the UN, and supporting action on reaching the Millennium Development Goals, as well as keeping Africa high on the agenda of the G8.

Everyone hopes that the leaders of the G8 will give serious consideration to the Report of the Commission for Africa and adopt and act on many of its recommendations. However, the prospect of a ‘big bang’ solution for Africa appears remote. In the longer term, Britain should take those unilateral measures it can and take on the role of continued effective advocacy, keeping the needs of the continent high on the international agenda through other global crises. If the Report of the Commission serves as a mission statement for this role, giving the UK a strategy for Africa that is stable into the future and coherent across all international fora, then that may be its most useful result.

Climate change at the G8

Context

Harlan Watson, the chief US negotiator on climate change, has said that the G8 is not the right place to negotiate on climate change issues. Technically, he is correct. For once, the G8 has chosen to champion an issue that has a ready-made mechanism for implementation – the UN Framework Convention on Climate Change (UNFCCC). This fact is likely to kill any hopes of an ambitious political statement on climate change at the Gleneagles summit as, sadly, the US is not about to undermine its negotiating position at the UNFCCC by making brave new commitments at the G8. Prospects for a major breakthrough appear low.

Representing some of the world’s largest emitters of greenhouse gases, the G8 members have a responsibility to show leadership, and the hopes of the UK Presidency in choosing to focus on climate change as one of the key issues for the G8 were not unfounded. The UNFCCC process is moving at snail’s pace, largely owing to political differences between the G8 countries. In principle, the G8 is therefore in an ideal position to break this deadlock, and the potential for a G8 statement to inject renewed vigour into the process was a compelling opportunity that seemed too good to miss. The ability to pursue discussion of the issue outside the formal context of the UN negotiations, and the expansion of the dialogue to include China and India, should have strengthened hopes of progress, since engagement with developing countries is one of the stated reasons for the US rejection of the abatement targets and timetables embodied in the Kyoto Protocol.

The G8 process has produced some useful outcomes. The joint Environment and Development Ministerial held in Derby in March 2005 was an innovative event which made real progress in the area of illegal logging, discussed separately below. The Energy and Environment Ministerial, while lacking concrete outcomes, was also a useful forum for building a shared agenda between these often opposing communities of policy-makers. Two other innovative features of the UK Presidency included the stakeholder consultation process, engaging more fully with civil society than in previous rounds of the G8, and expansion of the scope of the discussions to include major developing countries. These are all useful processes that need to be continued in future G8 rounds.

For the summit itself, however, expectations remain low owing to the entrenched positions of the G8 countries on the key issues. These differences are partly ideological, but also have practical causes. US emissions have grown strongly since 1990 on the back of significantly greater population and economic growth than in Europe and Japan. The United States has a history of low energy prices resulting from abundant domestic energy resources, which together with low energy taxes have resulted in relatively high energy consumption and emissions in many areas of the economy. This creates the potential for major improvements in energy efficiency given sufficient time and political will to do so. However, in the short term the United States now faces a more challenging task than other G8 countries (except for Canada) in attempting to bring average emissions over the period 2008–12 down below 1990 levels, as required by the
Kyoto Protocol under the UNFCCC. This inevitably influences the political stance, although it should be recognized that Canada, despite having stronger CO₂ growth than the other G8 countries, manages to maintain a proactive involvement in international efforts.

There are also ideological differences over the urgency of the problem and the best means of tackling it. The US, fearing that curbs on emissions would be economically damaging, prefers to support technology development with no fixed targets or timetables for emission reductions. On the other hand, the Europeans have supported targets for emission reductions, implemented via market mechanisms, an approach that has been followed up through the creation of an emissions trading scheme for their domestic industries. Together with disagreement over the inclusion of developing countries, these differences led to the high-profile rejection of the Kyoto Protocol by the US in 2001, and the divide has persisted since then.

*Measuring success at Gleneagles*

The UK Presidency has set itself three aims for climate change in the G8:

- to set out a clear direction of travel based on the science;
- to agree a package of practical measures focusing on technology;
- to work in partnership with the major emerging economies to reach consensus on how we deal with the challenge in the future.

Given the context of low expectations, how should we judge the success of the G8 summit outcome against these aims?

*Science*

In terms of the science, the main objective of the UNFCCC – to which all G8 countries are signatories – is to avoid dangerous interference with the climate system. However, there is no generally agreed definition of what constitutes ‘dangerous’ in this context. The EU has adopted an aim to limit the mean global temperature increase to less than 2°C. One of the objectives of the scientific conference on climate change set up by the UK G8 Presidency in Exeter in March 2005 was to build consensus about what constitutes a dangerous level of interference with the climate system. Although the conference provided a useful update on the science, and helped build understanding between scientists and policy-makers, it stopped short of endorsing a specific definition. The lack of such agreement reduces political buy-in to the requirement for action, and efforts need to continue to work towards such consensus. Getting agreement by the G8 on the EU’s 2°C definition would be a real breakthrough, although it seems unlikely that the United States would sign up to this. As a minimum, the Presidency should aim to achieve a re-commitment from the other EU leaders to the 2°C limit.

In terms of setting out a ‘clear direction of travel’, there is an urgent need to fill the policy vacuum that currently exists for the period after 2012. There appeared to be some momentum at the seminar of government experts held in Bonn in May 2005 towards the need for a roadmap for developing post-2012 policy. Such a roadmap is a possible agenda item for the next UNFCCC annual meeting in Montreal in November, and a successful outcome of the G8 would comprise statements enabling this to go forward and succeed. A minimum outcome is for the G8 members to acknowledge the need to go beyond their current efforts on curbing emissions, and to endorse the actions of those countries wishing to take a leadership role in developing longer-term plans. This could pave the way for the UK to continue championing the climate change issue during its EU Presidency in the second half of the year. If the summit does not achieve this, it would have to be judged a failure on this point.

*Technology*

On the second of the UK’s G8 aims, technology cooperation remains the most likely area where some kind of agreement may be reached. The US has clearly placed technology R&D as the main pillar of its response to climate change. Some of the groundwork has already been done in agreeing the 2003 Evian G8 action plan ‘Science and Technology for Sustainable Development’. That plan has an emphasis on clean energy and energy efficiency, although so far there has been little visible implementation, and the plan is short of specific targets and timetables. According to the International Energy Agency, investment needs for the world’s energy system will total $16 trillion between now and 2030. Much of this will flow from existing public and private expenditure plans, but there is a need to steer these investment flows in the right direction if there is to be any hope of achieving significant reductions in greenhouse gas emissions. R&D programmes are necessary but hardly sufficient to achieve this. Success at Gleneagles should be judged on what specific measures are agreed for creating suitable investment conditions for clean energy. Part of this will be about committing public funds to help gear planned energy spending towards cleaner technology, as well as acknowledging that other policy measures (e.g. emissions trading) will also be needed to create the necessary investment incentives. If the G8 simply provides a platform for countries to espouse their existing policies, it will have to be judged a failure on this point.

*Achieving consensus*

In terms of the third of the UK’s G8 aims, major emerging economies were involved in the Environment and Development Ministerial meeting in March, and leaders of these countries, notably China and India, will be involved in the summit meeting at Gleneagles. This initiative is in itself very positive, and marks a useful expansion of the G8 dialogue. Outside the G8 process, there have been various bilateral initiatives on technology development and technology transfer between individual G8 members and major developing countries. The Bonn seminar in May showed useful signs from several major developing countries of a willingness to discuss the principles of future
frameworks for climate change action. All of this provides evidence for steps forward, although it does not really constitute a ‘consensus on how we deal with the challenge in the future’, as stated in the UK Presidency’s aim. There are various ways in which the G8 could usefully promote such a consensus, perhaps most importantly by working towards a shared vision of how growing world energy needs in the coming decades are to be met, and the best way of cooperating to achieve this. This process would take some time, and would be beyond the scope of the immediate Presidency, but the G8 could set up a process by which such a vision could be developed.

Another important strand of the engagement with developing countries is the need for the G8 members to acknowledge their responsibility, as already committed, to assist developing countries to adapt to the effects of climate change, since G8 countries are responsible for 63 per cent of cumulative emissions between 1900 and 1999. Funds were created for adaptation assistance under the UNFCCC, but despite calls from the EU that these should comprise €200–400m, funds received to date total just €35m. Such a move would also be in the G8 countries’ own interests, helping to reframe the culture of the negotiations within the UNFCCC context from an adversarial environment to a more cooperative one. In the absence of any concrete plan to finance these adaptation funds, a minimum outcome should be for the G8 to signal a willingness to move on this issue within the context of the UNFCCC negotiations at Montreal later in the year. The G8 should also agree measures to ensure that international financial and development institutions take action to include climate change impacts in the mainstream of their development assistance plans.

What next for climate change within the G8?
So, no major breakthrough, but some useful steps in the right direction could be taken. How could future rounds of the G8 follow up these steps? Climate change will not be such a high-profile item on the agenda of the G8 for at least the next few years, and the UNFCCC will remain the principal vehicle for international negotiations on this issue. The main opportunity for the G8, therefore, will be to integrate climate change into the economic issues that are the mainstream concerns of the G8. The main opportunities to do this are through the parallel tracks of energy and development.

Russia takes the Presidency of the G8 next year, and energy is likely to appear as a key issue on the agenda, driven by the recent increase in international concern over energy security. The synergy between energy and climate change issues is potentially very strong, as long as the scope of the debate is cast wide enough. Globally, there is a lack of a collective long-term vision on sustainable energy. The 21st century will see major changes in the energy system, and there is a need for international leadership and cooperation to create a roadmap for how such a transition could be made without major economic, social and environmental disruptions. Since Russia is a large exporter of energy to world markets, the G8 debate will tend to focus on energy security, access to energy markets and investment in energy supply. The G8 should take the opportunity to broaden the debate and fill the leadership gap by developing a more comprehensive vision on sustainable energy. This would be particularly valuable if the scope of the G8 discussions continues to be expanded to include China and India and other major developing countries. G8 actions should also be coordinated with other international efforts in this area, including the UN Commission for Sustainable Development, which will be focusing on energy and climate change during the 2005–06 period.

The second area where climate change issues could be taken forward is through the development agenda. The economic integration of developing countries is likely to remain a core G8 concern, even if it is not a high-profile agenda item as it has been under the UK Presidency. It is well recognized that the greatest vulnerability to climate change impacts occurs in the poorer regions of the world, and recent work by the World Bank has also pointed out the vulnerability of developing countries to high oil prices. This highlights the need for energy and climate change impacts to be integrated into all G8 considerations of development issues. The joint development and environment ministerial meeting was a successful beginning, and such approaches to creating shared action plans should be pursued in future G8 rounds.

The G8 remains a forum that is strong on political statement but weak on implementation. The climate change issue needs both, and the challenge, for the current and future G8 Presidencies, is to try to use the political statements to maximize the effectiveness of existing channels for implementation, while providing leadership where there are gaps in the international institutional framework.

Illegal logging
Illegal logging is a major problem restricting sustainable development in some of the poorest countries in the world. It causes environmental damage, costs governments billions of dollars in lost revenue, promotes corruption, undermines the rule of law and good governance and funds armed conflict.

The G8, under the previous UK Presidency in 1998, adopted the G8 Action Programme on Forests. This helped trigger a range of international and national initiatives to improve the enforcement of forest law and to build capacity in producer countries. Recent actions, particularly by the EU (the Forest Law Enforcement, Governance and Trade – FLEGT – Action Plan), have focused on the role of consumer countries in increasing illegal logging. The FLEGT initiative aims to exclude illegal imports from EU markets by introducing a licensing system and using government procurement policy. In many countries importing companies have introduced initiatives to work with their suppliers to source legal timber.

The different G8 countries, however, maintain different positions on how best to tackle the problem. All are committed to actions that help law enforcement and promote good governance. Restriction of imports by consumer countries, however,
through licensing schemes and government procurement policy, is more controversial. While the EU is committed to such an approach through the FLEGT Action Plan, the United States and Canada, major exporters of timber themselves, tend to be cautious about any measure that appears to restrict their own industry’s ability to export. Japan, a major importer, seems to be particularly sensitive to the possible WTO implications of restricting imports – probably because of its record of trade protectionism.

It was in this context that the UK placed the illegal logging issue on the agenda of the G8 Environment and Development Ministerial meeting in March. Perhaps because of the difficulty of achieving significant progress on the other major topics (climate change and Africa), the Ministerial achieved a positive outcome on illegal logging. In addition to agreeing to assist timber-producing countries with their law enforcement and governance processes (a relatively non-controversial commitment), the meeting also committed consumer countries to take direct steps to halt the import and marketing of illegally logged timber, and to adopt public procurement policies that favour legal timber. This is a significant step forward, effectively endorsing the EU’s FLEGT approach. Notably, Japan subsequently announced its intention to modify government procurement procedures in line with these commitments.

The Ministers’ statement on illegal logging is to be forwarded to the Chair of the G8 Gleneagles Summit. It is currently unclear whether the statement will simply be endorsed by the summit. If it is accepted as it stands, it represents a real step forward, although the opportunity exists to move further forward – or backward – if the discussions are reopened.

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