

## Time is running out. G8 must take responsibility

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It is held at exclusive venues before the eyes of the world, but it is heavily shielded. And it takes place once a year – that pompous, elitist, yet somehow unassailable meeting of heads of government from wealthy countries going by the name of G8. An informal, yet influential tuning and talk fest, it dazzles between international organization, economic conference and “rich men's club”. In 2007, Germany as host has extended an invitation to the event at Heiligendamm, to the new luxury hotel complex on the Baltic Sea.

For a long time now, environmental, labour and development organizations have levelled harsh criticism at the G8. The question is quite simply whether the “rich men's club” with its limited circle of members still reflects today's world. Is this the right place to discuss global issues like climate change and poverty when representations of entire continents are missing at the table? Viewed from an angle of global equity and representative participation, the answer seems clear. To map the way ahead, what is needed is the UN umbrella.

We share this criticism of the G8's lack of legitimacy. We accuse Germany's Federal Government of neglecting the debate about the role of the G8 and its long overdue transformation, and about more clout for the United Nations. This failure is, in fact, hard to understand when there are some highly interesting and forward-looking proposals on the table. A high-ranking expert commission set up by Kofi Annan already, for example, submitted detailed plans in 2006 for a substantial upgrading of the UN's Economic and Social Council (ECOSOC). So, we do indeed have other options than the exclusive circle of a G8.

But time is running out, and the UN is still weak. Global environmental problems and mass poverty in the world cannot wait until the sluggish and ever-stalling UN reform comes up at long last with a satisfactory result. It is in the here and now that we need a hard-hitting UN environmental organization and an effective UN body able to coordinate global economic and social policy. But as things are, the G8 leaders still occupy centre stage in the international power structure. They have an opportunity to effectively counter climate change, and they have the political and financial potential to seriously tackle the implementation of the Millennium Development Goals (MDGs) and face global risks in a concerted effort. Their agreements and decisions are informal, but they have an impact on the lives of millions of people. So there is no alternative to our call for concrete results from G8 states.

Still, we can do one thing without leaving others undone: we can also strive for better institutions and structures than the G8 is able to offer, and we can advocate an upgrading of the United Nations. At the same time, though, we will confront the G8 states with our substantive political demands. Whether these eight heads of state and government ignore global crises and even exacerbate them, or do their bit at last in tackling them, happens to be of the utmost relevance.

### **The G8 – Too small for this world!**

Reeling under the first major oil crisis a good 30 years ago, six states got together for the first world economic summit at the Château de Rambouillet near Paris. Who could have foreseen back then that those fireside talks about currency and financial issues would turn into a permanent system of cooperation? Removed from any parliamentary involvement – solely at ministerial and governmental level – these states, now eight in number, take decisions today with far-reaching international implications.

### **Not transparent and not representative**

The members of the group of eight are Germany, France, the UK, Italy, Japan, Canada, Russia and the US. The chair changes annually. The G8 countries account for some 50% of world trade – but only a fifth of the world population.

Although governments from advanced developing countries like China, India or Brazil are being invited as of late to take part in some of the G8's discussion rounds, they have no real say there. So why – in actual fact – should advanced developing countries, let alone other developing countries, take on board the proposals and programmes of the G8?

It was only two years ago that China ousted Japan as the world's third largest exporter of goods. In 2010, that country will probably be number one in world trade. China's and India's share in world economic output has grown considerably in the last 10 years.

This alone goes to show that we will achieve nothing in the future without the involvement of emerging nations in global agreements. The world markets for goods, capital and labour must be regulated more effectively and on a more cooperative basis. All those involved could then benefit from growing world trade.

### **G13, G20 - or the UN after all?**

The debate on transforming the G8 is in full swing. One proposal from Tony Blair, for example, envisages a G13, i.e. extending the present group to include Brazil, China, India, Mexico and South Africa. There has also been talk of a G20. So, we have enough ideas and approaches, but those in charge have so far given a wide berth to specific plans for a true reform of the G8.

It would be more promising at any event to press ahead with UN reform, so that the countries involved can also review those economic and social concerns that have been left out in the past. The proposals to upgrade the UN's ECOSOC mentioned at the start deserve serious consideration. They provide for a governance forum of heads of state and government composed of 27 of the 54 ECOSOC members, chosen in a rotating procedure pursuant to a regional UN distribution key. The forum would perform a coordinating function and leading role in economic questions, development issues and global public goods. This would significantly strengthen the UN and engage developing countries as well.

### **Protecting the climate and biodiversity**

In autumn 2006, a report by the British economist Sir Nicholas Stern made the grave economic consequences of climate change clear even for the last remaining doubters. This was followed in 2007 by the UN's climate reports. Now the no-quibble facts are out. The risks for human health, agriculture, conurbations and economic development worldwide are foreseeable – with the main burden of climate change being borne not by the rich polluters, but primarily by the poor nations in the south. The poorer and weaker a people is, the fewer the options it has for adapting to climate change and seeking protection from it. So the time for hesitating and doubting must now come to an end. The Group of 8 is called upon to act too. With an ambitious initiative on climate change, it must show that it is changing course and assuming responsibility.

In the run-up to the Heiligendamm summit, the G8 environment ministers held a meeting – for the first time jointly with ministers from five advanced developing countries. There was agreement on the need for a significant lowering of greenhouse gas emissions.

A start – but industrialized states really must set a good example. Only then can they win over countries like China, India and Brazil to make stronger efforts in climate protection.

### **Binding CO2 reductions**

All G8 states – including the US – must be willing to make binding CO2 reductions. Otherwise, countries like China and India will hardly enter into serious negotiations on a contribution of their own toward lowering pollutant levels. For Germany, this means demonstrating leadership in this field. A voluntary commitment to cut Germany's greenhouse gas emissions by 40% by 2020 and at least 80% by 2050 should induce partner countries to make their move as well. Within the EU, a binding CO2 reduction target of at least 30% must be set for the period from 2012 to 2020.

The EU's modest CO2 reduction target of 20% during Germany's EU Presidency was a signal of faint-heartedness. After all, if we factor in the progress made hitherto and the fall in CO2 due to the economic upheavals in Eastern Europe, three quarters of the announced target has already been achieved. So, by 2020, the EU reckons it is capable of making an extra CO2 saving of a meagre five per cent, even though much higher reductions could be easily achieved, e.g. by removing the tax exemption for kerosene in aviation throughout the EU. If the industrialized states, as the biggest emitters, are so timid in their approach, they will not get other countries on board.

The G8 must give an undertaking, with no ifs and buts, to cut their CO<sub>2</sub> emissions by 30% by 2020.

### **Promoting renewable energies**

Serious efforts on behalf of a global energy turnaround require, above all, accelerated expansion in renewable energies. We must get "away from oil" and reduce our dependence on fossil raw materials. Ongoing instability in regions with large oil deposits, but above all the incompatibility of fossil energy sources with the climate, underscores the need for action.

In 2005, the conference on renewable energies in Bonn heralded the palpable dawn of a new era. With ambitious goals of its own, the G8 should make a contribution toward supplying at least one billion people with energy from renewable sources by 2015.

For this purpose, the international support instruments for renewables must be massively scaled up. A global investment programme would be not only an important step for climate protection, but also a job engine for the export-strong German solar- and wind-energy sector. We are also pressing for G8 states to use their influence in the World Bank and regional development banks to push forward extensions to energy-efficiency programmes and renewable energies.

### **The three essentials**

Use of renewable energies, improved energy efficiency and energy savings – these are the three essentials for a climate-sparing energy turnaround. Efficient technologies, vehicles and homes that consume less, a necessary "green innovation cycle" – the key to these is sustainable energy use. We expect initiatives from the G8 states that create incentives for both consumers and industry to behave in a more climate-sparing fashion. For this, we need better limit values and product standards, especially in the case of exhaust values for cars and in the energy used by consumer goods. In view of our worldwide production chains, improved standards in industrialized countries would have a positive effect round the globe.

It would be disastrous to look to an expansion of nuclear energy for a way out of our climate troubles and a solution to our energy problems. This option merely creates new incalculable risks. The risk of a nuclear disaster cannot be banished. The disposal issue for radioactive waste is still quite unsolved and, anyhow, uranium is itself a finite resource.

### **No way ahead without advanced developing countries**

When it comes to emissions that harm the climate, countries like China and India are catching up in a negative sense. So it is crucial that we discuss an environmentally compatible energy system with them. However, sustainable development is hardly conceivable without "technological leapfrogging" – also and especially in big developing countries. Otherwise, the climate-protection efforts made by OECD countries, which are inadequate anyhow, would be neutralized again. The rising costs of climate change would then significantly lower the odds for successful eradication of poverty in the economically poorest countries.

It is in the old industrialized countries' own best interest to shoulder their historical responsibilities and support the new industrialized nations in tackling this development leap forward.

In 2012, i.e. in five years' time, the Kyoto Protocol expires. If we are to prepare an effective international treaty for the time after this, we must pave the way today. We will only succeed if, in addition to the important industrialized states, we can include advanced developing countries as well in the negotiation process early on.

The members of the G8 play a key part because it is they who created the problem of climate change due to their industry policy and their appetite for energy. They should meet this responsibility at international level and set a sound example. In this way, they may manage to get other countries as well to shape their economic development in a responsible manner.

### **Biodiversity – Variety in life**

The protection and sustainable benefits of biodiversity are closely tied to the climate: on the one hand, habitats like forests, swamps and coral reefs bind huge amounts of CO<sub>2</sub>, thus making a considerable contribution toward regulating the climate. Conversely, the climate has a direct effect on biodiversity. It is estimated that, by 2050, 30% of the planet's species will be lost if climate change continues unabated at its previous pace.

With their "Potsdam Initiative – Biological Diversity 2010", G8- environment ministers have agreed to investigate the economic implications of any further loss of biodiversity. Also, a bundle of measures to that effect was resolved in the areas of science, industry, trade, financing and protection of the world's seas.

What we need now, however, are concrete resolutions and swift implementation of measures to protect biodiversity. We have enough figures on the extent of species extinction. According to the World Conservation Union IUCN, the figure is some 160 species a day worldwide; up to 24% of all butterflies, birds and mammals are already extinct, says the European Commission.

It was with this in mind that the Member States at their 2001 EU summit in Gothenburg gave an undertaking to stop further losses by the year 2010. There are international, European and national plans of action. To carry out all the measures resolved under these strategies alone, a new measure would have to be implemented every 10 days until 2010. But that is the rub. We need special monitoring if these programmes of action on biodiversity are to become reality.

Germany is hosting the conference of the parties to the treaty of the Convention for Biological Diversity in 2008. At international level, this conference must drive forward the build-up of a global network of terrestrial and maritime protected areas.

### **Strengthening the rights of indigenous peoples**

Preserving Earth's biodiversity is closely associated with the protection of traditional communities and ways of life. The intellectual property of developing countries, small farmers and indigenous communities must be respected and biopiracy efficiently combatted. Patents on cultivated plants are dangerous if farmers become dependent on a few multinational companies as a result. The free exchange of seeds, for example, on which many small farmers live, must not be hampered.

The G8 members are called upon to reinstate and underpin the rights of indigenous peoples by fair and effective arrangements. Biological resources, too, must not be collected and taken out of a country without notification and the agreement of the original owners.

### **Tropical forests – Vital for climate and biodiversity**

Taking good care of natural resources directly benefits climate protection. The Amazon, the Congo Basin and the tropical forests of Southeast Asia are of outstanding significance here. Just how important they are is shown by an estimate of the World Bank. It assumes that between 20 and 25% of greenhouse gases are produced by the destruction of tropical forests.

For the retention of biodiversity, too, the last remaining intact forests are immensely important. What matters is that we reduce the illegal logging that is the source of a good half of the world's timber. The G8 states, as significant buyers, must agree to ban the trade in illegally felled timber and timber products. The dialogue commenced with forest-rich countries about illegal production methods should be continued in depth. One crucial factor is the prevention of fire clearances designed to enforce agricultural land use.

In recent years, the cultivation of energy plants to make biofuels has shown strong growth. In view of rising crude-oil prices, developing countries in particular are exposed to great economic pressures. Cultivating energy plants can help reduce the dependence on oil imports and create additional jobs. To ensure that this does not entail the destruction of tropical forests, we need an international public-policy framework. The production of, and trade in, biofuels must not be at the expense of people and the environment. Hence, we are calling for internationally recognized certification with binding ecological and social standards.

Compensation payments designed to retain tropical forests enable great advances to be made in climate protection at relatively low cost. With the prolongation of the climate-protection treaties (Kyoto plus), financial incentives are to be created that make preserving tropical forests more attractive than destroying them. This will go a long way toward promoting the development of these regions. Innovative compensation forms and financing instruments are called for here.

Novel financial aids to set up and retain protection areas of global significance, for example, should be agreed. To protect biodiversity – also and above all in developing and advanced developing countries – financial incentives should be given to strengthen the long-term benefits of biodiversity. In this way, protection of biodiversity can make an important contribution toward the Millennium Development Goals (MDGs), specifically toward halving poverty and toward environmental protection.

## **Guiding principles for raw-materials trade**

Central to fair globalization is the enforcement of environmental and social standards in world trade, especially in the raw-materials sector as one of the most important markets. The extraction and production of oil, timber or diamonds frequently take place in ecologically sensitive areas, often with disastrous consequences for humans and the environment. Being the main takers of raw materials, the G8 states are interested in dependable supplies. But with their demand, they also bear a responsibility for not aggravating conflicts or destroying the environment. With China and India, we have new buyers in Africa, Central Asia and Latin America. New interest constellations and conflicts are on the horizon, and human rights or environmental protection can quickly be sacrificed where there are no binding standards.

Good governance and transparency are the prerequisites for income from raw materials actually benefiting people in the production countries. We therefore call upon the Federal Government to increase transparency in income from raw materials. The G8 should adopt initiatives for binding social and ecological standards. Germany can assume a pioneering role here by firmly anchoring such standards in foreign-trade promotion, in Hermes export-credit insurance and in investment guarantees.

## **Living in one world**

In September 2000, the international community agreed on eight MDGs. These include the eradication of poverty and hunger, access to education, gender equality and the combatting of HIV/AIDS. Although the G8 has supported these Goals hitherto, too little has happened. The eradication of hunger, in particular, has been criminally neglected. The number of the chronically malnourished has even risen in recent years – especially in sub-Saharan countries. Underpinning food supplies and eradicating hunger must be accorded much greater significance.

## **Strengthening development finance – Implementing the MDGs**

In its programme for the G8, the Federal Government one-sidedly backs improvements in governance and direct private foreign investment in developing countries. This is ducking the important issue of how the implementation of the MDGs is to be financed.

More money for development and necessary inner-state reforms in developing countries are not mutually exclusive. The G8's promises to double the funds for Africa and the EU's promises to increase the funds for development cooperation in a stepped plan to 0.7% of GDP must not remain hot air. The Federal Government, like the other G8 states, is called upon to ensure adequate funding for the implementation of the MDGs.

Innovative financial tools, like a turnover tax on foreign exchange, a levy on flight tickets or a kerosene tax, could mobilize considerable extra funds. These could finance programmes to eradicate poverty and encourage environmental and resource protection in the countries of the south.

## **No health without development**

In many developing countries, healthcare is in a lamentable state. The G8 states have the means to bring about crucial improvements. Financial support would be one option; another would require changes in international trade and patent law. In this area, it is not only governments, but also the pharmaceutical groups based in G8 states that are called upon to act. Every year, millions of people in developing countries die as a result of infectious diseases like malaria, tuberculosis and HIV/AIDS. Three quarters of new HIV infections in Africa affect women who, for biological reasons, but also due to their social status, are more prone to infection. The „feminization“ of the HIV/AIDS epidemic must be urgently counteracted with effective measures, because women bear the brunt of the consequences: through impoverishment, increased work loads and limited opportunities for the future. The fight against HIV/AIDS must, above all, strengthen the position of women and girls.

## **Pharmaceutical research for all**

The agreements of the G8 concluded in 2005 aimed at universal access to AIDS treatment. Being host in 2007, Germany has a special responsibility for moving the G8 states toward appropriate advances, beyond the time of its G8 Presidency as well.

For years now, the G8 has also been discussing a pilot project on state purchase guarantees for vaccines developed by the private sector. No agreement has been reached on financial commitments, however, so that the project has been launched by only a few countries acting outside the G8.

It is not only in this case that the G8 must take a financial stand. Support for the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM), too, must be scaled up. UNAIDS data point to a 10 billion dollar money gap for 2007. France and other countries point the way: they pay the proceeds from a flight-ticket levy raised for this purpose into a global health fund. Germany, too, must contribute significant amounts to the global health fund.

### **Putting health before the protection of property rights**

In patent protection, the Federal Government is pursuing a hard line in the short-term interest of knowledge owners in industrialized countries. Frequently, this is at the expense of developing countries, because access to vital medication and the production of generic drugs are being blocked by regulations that address the trade-related aspects of the intellectual property rights treaty (TRIPS). To this must be added the fact that some G8 countries are looking for new, less transparent forums to enforce their patent rights. So-called TRIPS Plus rules are due to be imposed at bilateral and regional level. The Federal Government is even aiding and abetting this in the G8 by placing more stress on intellectual property rights than on a broad-based use of knowledge. The human right to health is being replaced with the patent right to drugs. Pharmaceutical multinationals like Novartis are trying to prevent manufacturers of generic products from marketing low-cost imitation drugs. Instead of this, they themselves should be helping develop medications against deadly tropical diseases like malaria or the sleeping sickness.

### **Worldwide strengthening of healthcare systems**

In many developing countries, the personnel base in healthcare systems is catastrophic. In some cases, there is not one single qualified person per 1,000 people – 10 to 15 times fewer than in European countries. What is worse, qualified staff are moving from developing to industrialized countries. Some G8 states systematically poach medical healthcare personnel from developing countries, thus increasing the local shortage of trained staff. This practice must be stopped at once; what is needed instead are concrete contributions toward stabilizing the healthcare systems in developing countries.

### **Support for a new dawn in Africa**

For some years now, there have been real signs of an economic upswing on the African continent. Trade relations are improving and new investment options emerging. In most African states reforms have been initiated which can lead to better economic development.

But despite these advances, Africa is the only region in the world where the overall number of poor people is still on the rise. Thirty-three per cent of the population in sub-Saharan Africa is starving or suffering from malnutrition – more than double the average for all developing countries. Infant mortality there is still at an intolerably high level. Correspondingly people's life expectancy is low.

Still, some things are happening in Africa, even if democratic and economic progress is often ignored by policymakers and the media.

Almost everywhere, strong political and civil-society forces are now championing democracy, good governance, ecological and social standards. A frank dialogue about the political and economic future of the continent should be initiated with African partners, but also with new players there like India, China and Brazil. Such a dialogue must raise central issues: the promotion of sustainable investment, transparency in income from resources, and an anchoring of ecological and social standards.

For African states, new offers to revive the world-trade round, improvements in market access that take account of minimum ecological and social standards, as well as a dismantling of agricultural subsidies in industrialized countries, are of special importance.

### **Civil society making advances**

In economic policy, in fighting corruption, in issues of the rule of law and conflict processing, African states themselves have long since been taking action. This includes both respect for human rights and the protection of women from violence, as well as measures for non-violent conflict prevention and conflict resolution. What matters here specifically is the build-up and strengthening of an African security and

peace architecture. The African initiative "New Partnership for Africa's Development" (NePAD) offers a good forum for cooperation to support these positive developments. The NePAD states, in turn, are called upon to clearly demonstrate their ongoing willingness to make reforms and extend parliamentary and civil-society participation.

## **Global risks call for joint action**

### **Financial markets and investments**

Leitmotif of the German G8 strategy runs „growth and responsibility“. To implement these set goals, a programme of liberalization in trade and capital movements has been designed. This is too one-sided and fails to provide social and ecological crash barriers for globalization.

True, the Federal Government is thematizing investment conditions worldwide. Unfortunately, it is not taking account of the special conditions pertaining in developing and advanced developing countries. And it is they in particular who are in need of political support from the G8, e.g. when there is a need to check the short-term inflows and outflows of capital that threaten the stability of their financial systems.

As regards improved investment protection, it is not only investors' rights that must be regulated: a duty must also be imposed on investors to adhere to internationally agreed standards, like the ILO's core work standards and the OECD guidelines for multinational enterprises. True to the motto: investment rules must benefit people.

On financial markets, risks have grown significantly – also due to aggressive hedge funds and private-equity funds. Enormous inflows of resources make these players a major and incalculable variable. To an ever greater extent, they are operating on a basis of credit financing, thus multiplying the risk of a global financial and, hence, economic crisis. At the G8 summit, the Federal Government must back greater international collaboration, better control and more stability on international financial markets.

More transparency is not enough; international standards for regulating funds must be discussed.

Also on the agenda must be the need to dry up the tax havens. Behind the cloak of globalization, transnational companies find it easier to shirk their social responsibilities. What we need, therefore, are systematic steps to contain legal tax avoidance and illegal tax evasion. An internationally coordinated agreement must ban financial transactions with banks and funds that are registered in offshore centres and refuse to apply international minimum standards in financial supervision, market transparency and cooperation between financial authorities. Much too little has been done here in the past, also because the beneficiaries of international tax fraud can be found in the G8 countries themselves.

### **Driving forward disarmament initiatives during the Presidency**

The world's highest levels of military expenditure and most extensive arsenals can be found in the G8 countries, along with the highest nuclear and armaments exports. The vast majority of atomic, biological and chemical weapons of mass destruction (WMD), cluster munition, anti-personnel mines and small arms is manufactured or stored there or exported by these states. For this reason alone, the G8 states have a crucial role to play in any moves to reduce armaments potentials, in the non-proliferation of weapons of any kind and in an efficient policy of civilian crisis prevention.

So far, activities within the scope of the G8 Global Partnership have not been enough to effectively counter the dangers of WMD proliferation. Crises, like the nuclear armament of North Korea, Iran's nuclear programme and the US-Indian nuclear deal, make it clear that we are approaching a decisive crossroads in world politics. A new arms race is threatening. This could end up with a whole range of new nuclear states and a collapse of treaty-based arms control. Also and especially in the passing on of WMDs to so-called non-government players lie tremendous risks. Hitherto, nuclear terrorism has been merely a possibility. Of utmost urgency, therefore, is a new, serious disarmament and non-proliferation initiative to banish these risks to international stability and security.

However, the countries with atomic weapons themselves must meet their disarmament obligations. It is only on this basis that we can expect other countries to abandon their atomic weapons. This involves both the swift implementation of the treaty banning nuclear tests and the verifiable dismantling of the tactical atomic-weapons potentials of Russia and the US, including the American nuclear weapons stationed in Germany and Europe. In this respect, the Federal Government must make two things clear: that it sup-

ports the withdrawal of the US atomic weapons stationed in Germany and Europe and that it is willing to phase out its active nuclear participation as soon as possible.

One bad example is the US-Indian deal on increased cooperation in nuclear issues and on lifting the decades-long sanctions of the Nuclear Suppliers Group. It not only rewards India's nuclear build-up, but encourages other states to follow suit. So it seriously impairs the efforts made to enforce the non-proliferation treaty, since Israel and Pakistan now likewise demand that nuclear restrictions be lifted. In the Nuclear Suppliers Group, which only takes consensus-based decisions, Germany must press to have India accept more comprehensive arms-control and disarmament obligations. The Federal Government must exploit all opportunities here and must act.