

# THE 2015 SURVEY OF PROGRESS IN INTERNATIONAL ECONOMIC GOVERNANCE

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and Kelsey Shantz

## Key Points

- The results of the 2015 CIGI Survey of Progress in International Economic Governance illustrate a mixed appraisal of progress in international cooperation.
- Progress on the reform of international financial institutions such as the International Monetary Fund (IMF) has stalled, with the Fund's quota reforms stymied in domestic political debates in the United States and Greek debt issues raising renewed concerns in Europe.
- The Group of Twenty (G20) has yet to prove itself as an effective institution beyond responding to crises, given uncertainty regarding implementation of the Brisbane Action Plan thus far. The inclusion and representation of emerging economies, such as China, in global macroeconomic cooperation, lags behind.
- The primary challenge to achieving financial regulatory reform is ensuring internationally harmonized implementation across varying domestic political environments.
- While the thrust of recent discussions on the development agenda is promising, its success remains dependent on the effectiveness of the resulting goals for 2030.
- Bilateral, regional and plurilateral trade agreements show clear signs of growing in prominence and frequency, and while this increasing presence is a sign of progress in cooperation, it also signals a move away from multilateral trade governance.
- The recent joint agreement between the United States and China on emissions reductions is a major and positive moment in global cooperation on climate change, and expectations remain high for the Paris Conference of the Parties (COP 21) discussions. While the influx in climate change discussions is noteworthy and positive, the measurable actions thus far are limited.

## Introduction

The annual CIGI Survey of Progress in International Economic Governance assesses progress in five areas of international economic governance: macroeconomic and financial cooperation; cooperation on financial regulation; cooperation on development; cooperation on trade; and cooperation on climate change. Each dimension is scored on a scale of progress or regression: 0%–14% represents “major regression”; 15%–29% indicates “some regression”; 30%–44% characterizes minimal regression; 45%–54% deems a “status quo”; 55%–69% represents “minimal progress”; 70%–84% reflects “some progress”; and 85%–100% indicates “major progress.” Recognizing the difficulty of making objective judgments, this non-random survey polls the subjective opinions of CIGI experts associated with the Global Economy Program. It is with these caveats in mind that the reader should appraise this exercise. In addition, this survey is a reflection of CIGI expert opinions as of early September 2015, when responses were collected.



## Discussion of Survey

The CIGI Survey of Progress in International Economic Governance, updated annually, tracks the progress made by the G20 and other international economic governance institutions in strengthening international cooperation. It tracks progress in five areas of the international scene to gauge progress or regression in the international economic arena, based on the subjective perception of CIGI scholars affiliated with the Global Economy Program. The five areas covered are:

- macroeconomic and financial cooperation;
- international cooperation on financial regulation;
- cooperation on development;
- cooperation on trade; and
- cooperation on climate change.

In practice, there are crosscutting policy issues in each of these areas. A subject is not restricted to silos. For example, the World Trade Organization (WTO) is no longer just about trade. Climate change, renewable energy policies, subsidies and financial services have all been addressed in the context of trade negotiations and dispute settlement cases. Although the boundaries among the regimes are somewhat porous, progress is assessed in each of the areas independently, with the aim of stimulating analyses and discussions on these issues.

### The core questions are:

**What change, if any, has occurred in the status of the international economic governance system over the past year? What progress has been made in improving international cooperation and economic governance? Or what regression has occurred and contributed to worsening international economic governance?**

CIGI scholars are asked to provide a subjective assessment of the degree of progress made by the G20 and other international economic organizations. Some colleagues give their opinion on all five dimensions, while others focus on a few dimensions only, depending on their areas of expertise.

The results of the 2015 CIGI Survey of Progress in International Economic Governance and an interactive infographic are available at: <https://interactive.cigionline.org/survey-of-progress/#2015>.

In this year's survey, 31 CIGI experts conclude that international economic arrangements continue to show a level of "status quo," averaging a score of 50% across all five areas. The 2015 survey indicates a slight improvement to the result of last year's survey, which suggested a minimal regression overall. The experts' assessment of progress was most promising in the area of climate change cooperation, with an average score of 57%, whereas the least promising area was macroeconomic and financial cooperation, with a score of 44%, indicating minimal regression. The remaining three areas polled all fell within the "status quo" range, with trade at 46%, development at 48% and international cooperation on financial regulation at 53%. Interestingly, in the area of cooperation on development, CIGI's experts provided a relatively mixed assessment. Responses varied based on experts' perception of the effectiveness of current rhetoric, from 70% (indicating some progress) to 10% (suggesting major regression). Compared to last year, climate change governance has made the greatest improvement, but the remaining three areas (with the exception of development, which was not included in the 2014 survey) have all, on average, regressed further or remained stagnant. This trend is cause for concern.

### Macroeconomic and Financial Cooperation

In this year's survey, CIGI experts were asked to review how much progress, if any, had been made on macroeconomic and financial cooperation in the last year. Our experts indicated there was minimal regression in macroeconomic and financial cooperation, with an average score of 44%. The central issues of concern included the stalled IMF quota and governance reform processes, as well as lingering debt issues in Greece, and minimal progress on an internationally agreed-upon framework on sovereign debt restructuring; the lack of a distinct role and agenda within the G20 and uncertainty thus far on the implementation of the Brisbane Action Plan; and the delays in integrating emerging economies, namely China, in global economic governance processes and organizations.

Within the IMF, quota reform remains stymied in domestic political debates. The IMF quota reform package, endorsed in November 2010 in Seoul by G20 leaders and approved by the IMF governance bodies in December of that same year, has not yet entered into force — the US Congress has yet to ratify the agreement. CIGI Senior Fellow Susan Schadler emphasized: "the impediment to progress is all political — once again owing to the reluctance of the United States — and must be resolved within the IMF." Experts conveyed that the IMF's proposals to counteract the status quo could prove valuable, but suggestions for moving forward without the United States have not yet materialized. Also in regards to the IMF, sovereign debt restructuring has stalled, with debt issues in Greece a worrisome development. CIGI experts suggested very minimal

progress on sovereign debt restructuring. CIGI Senior Fellow Martin Guzman noted that “the new terms suggested by the International Capital Market Association and endorsed by the IMF constitute an improvement over some important dimensions of sovereign debt restructuring, but they leave unresolved a variety of important problems, and create other problems,” such as making strategic sovereign defaults more likely.

Experts also noted the impact of Greece’s recent display of financial risks, with a missed payment to the IMF this past June. CIGI Senior Fellow Paul Blustein summed up the situation: “Greece failed to pay some of its obligations to the Fund on time, and came within a whisker of defaulting on a much more massive scale in mid-July when marathon negotiations over the terms of a new Greek bailout nearly broke down.” It is possible that Greece stepped dangerously close to the edge of a financial cliff over the summer, revealing an unresolved debt situation that has been present for several years. Although primarily a European issue on first glance, there are possible international spillovers and impacts said CIGI Senior Fellow Manuela Moschella, and “the international community has largely failed to put pressures on European partners to address the Greek crisis in a timely and effective manner.” As the Greek crisis, which erupted in 2010, has still not yet been fully addressed, the recent episodes have “cast into unprecedented doubt the IMF’s previously unquestionable ability to recover the money it lends,” according to Blustein, and the IMF handling of the Greek debt crisis exposed serious limitations of financial cooperation. However, as Senior Fellow James Haley noted, through these issues the IMF has shown “its willingness to ‘grope’ its way through the fog of uncertainty towards a sensible position on unsustainable debts,” and although Greek debt issues may display cause for concern, international bodies are attempting to respond quickly and effectively.

CIGI experts also questioned the role of the G20 as an institution beyond emergency crisis response. Schadler stated, “the G20 remains a strange forum for global cooperation outside of crisis conditions. In non-crisis conditions, it clearly has yet to prove itself.” In the latter case, the G20 is not yet firm in its purpose as an international body, distinct from other organizations. As an institution, the G20 also faces challenges during each identity shift and change in focus between summits. CIGI Senior Fellow Pierre Siklos noted the lack of continuity between G20 summits and presidencies: “Each time a new presidency takes over, the clock — so to speak — is reset.” In spite of these factors, according to some experts, the G20 continues to contribute to the global economic governance architecture. CIGI Senior Fellow James Boughton emphasized G20 progress: “the G20 focus seems to be strengthening its role and encouraging greater macroeconomic cooperation, including between major creditors and debtor countries outside the G20.”

Last year in Brisbane, the G20 proposed strategies that could have a significant impact on growth, setting a target of raising global growth by an additional two percentage points by 2018. While this was a promising development, CIGI experts called into question the implementation of these strategies thus far. Schadler stated: “These strategies mostly include some degree of detail on the gist of policy changes, but not really enough to make the full-scale assessments easy or particularly meaningful to do.” CIGI Distinguished Fellow Thomas A. Bernes emphasized that “despite a continuing decline in prospects for global economic growth, there has been no effort to address the failure of the Brisbane Action Plan to accelerate growth prospects.” Haley cautioned that lack of progress in the implementation of growth strategies could have greater implications and risks for the future as “failure to follow through on commitments in a meaningful way could undermine the credibility of the system and weaken commitment to international cooperation.”

CIGI experts also highlighted some favourable developments in the international monetary system. Specifically, the “international use of the Chinese currency, renminbi, continues to develop rapidly, which further diversifies the monetary system and reduces its inherent vulnerability known as the ‘Triffin dilemma,’” according to CIGI Research Consultant Hailong Jin. However, developments in China could also create vulnerabilities. As Distinguished Fellow Malcolm D. Knight noted, “concerns over output growth prospects [have led to] high volatility in domestic equity markets and investor concern that banking system stability is being eroded by a large and growing portfolio of non-performing loans.”

Overall progress in macroeconomic cooperation has been stagnant in many areas, including the (under)utilization of international forums for policy coordination and the inclusion of emerging economy voices in the development of macroeconomic policy and governance.

## International Cooperation on Financial Regulation

Seven years on from the 2008 global financial crisis, the implementation of the international and domestic regulatory reform agenda has been slow to produce beneficial changes. As CIGI Senior Fellow Céline Bak put it, “the delay in full and consistent implementation of reformed regulatory frameworks is cause for concern.” On the whole, CIGI’s experts suggested that some signs of progress continue, but overall the status quo reigns in regards to international cooperation on financial regulation. On average, they gave a score of 53%, indicating that there is no observable progress — or regression — in international discussions and developments. The core concern is that while international cooperation is necessary to support common standards, often international interests do not match the unique

# Progress Scale

## Major Progress

Estimates between 85% and 100% represent the ability to withstand the pressures of a severe, unanticipated major shock to the world economy, preventing sustained unemployment or inflation. International agreements are effective. Key institutions have strengthened their governance and accountability and have the tools and resources required to perform effectively.

## Some Progress

Estimates between 70% and 84% reflect some progress that inspires confidence in the stability of the world economy against large-scale shocks. Conditions are conducive to inclusive global economic growth.

## Minimal Progress

Estimates between 55% and 69% indicate a level of progress sufficient to inspire confidence in long-term, sustainable balanced growth, but with non-negligible risks to the world economy if confronted by shocks.

## Status Quo

Estimates between 45% and 54% represent stagnation in progress or regression, with low to negligible developments in international discussions or a lack of displayed interest. Public documents exclude mention of the topic or pay minimal attention to the issue, with little to no developments in stability or growth.

## Minimal Regression

Estimates between 30% and 45% represent a level of regression sufficient to cause concern for the direction of long-term growth. Conditions have not yet worsened significantly, but the global economy shows signs for concern.

## Some Regression

Estimates between 15% and 29% represent some regression that instills concern for the stability of the world economy against large-scale shocks. Indications suggest insufficient progress and conditions unfavourable to long-term growth.

## Major Regression

Estimates between 0% and 14% represent major regression toward a fractious and chaotic international system, with significant risks to the stability of the world economy. Multilateral negotiations are at a standstill, and key institutions lack the tools and resources to perform effectively.

# Summary of Results

The 31 CIGI experts polled gave an average score of 50% across all five areas, indicating a status quo environment in international economic governance.

CIGI's experts stated that, while minimal, progress was most promising in the area of climate change governance with an average score of 57%. The area with the least perceived progress was macroeconomic policy cooperation, with a score of 44%, indicating minimal regression. The remaining three areas polled all fell within the "status quo," with trade at 46%, development at 48%, and international coordination and cooperation on financial regulation at 53%.



needs and situations facing emerging countries, specifically China. Additionally, the delayed implementation of regulatory reform frameworks and doubts surrounding the resiliency of the global financial system also remain chief concerns for CIGI experts.

Shadow banking reforms, currently behind schedule, also remain paramount. Shadow banking continues to pose a challenge to the international community, in particular in emerging market economies, where monetary policies are often greatly influenced by domestic economic growth concerns. This domestic prioritization can sometimes distort financial markets, making it difficult to rate the quality of corporate and municipal equities. While international cooperation toward a harmonization of regulatory reforms has, thus far, addressed key areas of concern, the uneven implementation of these reforms internationally still poses a major challenge to international cooperative efforts. In this vein, CIGI Senior Fellow Richard Gitlin summarizes: “While there have been some discussions and movements [in shadow banking regulation], it is important to question the effectiveness of what has been done.”

In addition to shadow banking regulations, the Basel III capital standards implementation across Financial Stability Board (FSB) jurisdictions continues to be reviewed, with particular emphasis on the proportionality and sequencing of implementations in emerging markets. Looking beyond Basel III, experts also emphasize the need for sufficient total loss-absorbing capacity in the global financial system.

The G20 agenda to reform over-the-counter (OTC) derivatives is not progressing much, and the FSB is particularly concerned with the slow and uneven implementation of reforms to OTC derivatives markets, including transaction and trade reporting, as well as central clearing and organized platform trading for standardized transactions. The timeline for implementation of the financial regulatory agenda, especially with regard to OTC derivatives, lags behind the schedule set by the G20 in 2009, primarily due to political differences. As former CIGI Visiting Scholar Chiara Oldani noted, in the United States, the Dodd-Frank Act lies “largely on paper” and has only been implemented to a limited extent, and in Europe, Eastern European countries “cannot entirely match the strict European regulatory requirements.”

The primary challenge to achieving the objectives set by the G20, as identified by CIGI experts, is to ensure internationally harmonized implementation of key financial regulatory reforms across G20 member jurisdictions. Progress continues, in particular with the FSB and shadow banking, but according to CIGI Senior Fellow Patrick Leblond, the “main issue remains the ‘complete and consistent’ implementation of international standards at the domestic level,” with monitoring by the FSB and IMF to help identify inconsistencies.

CIGI experts also highlighted the role of banking unions in international financial cooperation. CIGI Senior Fellow Miranda Xafa noted that the European banking union and the launch of a capital markets union are “major steps forward, but they need to be coordinated with other G20 initiatives regarding Basel III capital standards, intraregional and international regulatory coordination, efforts to reform OTC derivatives trading and efforts to regulate shadow banking.”

In this context, China remains an uncertain participant. CIGI Distinguished Fellow Paul Jenkins observed that China is “an unanswered question” with regard to shadow banking. He also noted the difficulty of gauging the resilience of the Chinese financial system given a less-than-transparent system. If this is the case, perhaps the best answers for China may come from within, as CIGI Senior Fellow Yu Yongding stated. Given that China’s shadow banking problems are very different from those in developed countries, Yu suggested that China must “figure out how to solve these problems by itself.”

## Development

In the area of cooperation on development, CIGI’s experts provided a relatively mixed assessment with a wide range of perspectives. Overall, the average score was 48%, indicating “status quo,” but responses varied based on perception of the effectiveness of current rhetoric, from 70% (indicating some progress) to 10% (suggesting major regression).

CIGI experts note the number of discussions on the development agenda in 2015, with the recently completed Addis Ababa conference Financing for Development, as well as the UN summit on the adoption of the post-2015 development agenda held in New York this past September and the upcoming COP 21 in Paris in December. The post-2015 development goals — the 2030 Agenda for Sustainable Development — include 17 sustainable goals and 169 targets aimed at systemic barriers to sustainable development, such as inequality and inadequate infrastructure. CIGI experts agreed that the occurrence of such discussions illustrates progress for international governance, but emphasized that the success will depend on the effectiveness of the resulting agendas and goals. CIGI Senior Fellow Barry Carin argued that the post-2015 sustainable development goals are too broad and lack focus: “If everything is a priority, nothing is a priority.” CIGI Distinguished Fellow David Runnalls reminds us, however, that while too many goals were included, the alternative of not setting new priorities would be much more depressing, and maintains that the goals “will serve to further integrate the development and environmental agendas at the international level.” Beyond the breadth of the goals themselves, experts identified the major limiting factor is a not-yet-clear financing framework for developing countries. The Addis Ababa conference in July of this year resulted in a new global framework

for financing sustainable development, with the alignment of economic, social and environmental priorities expressed as a chief priority. Yet, CIGI experts questioned the benefit of such an agreement. Carin stated, “the Addis Ababa Action Agenda is the empty result of the summer’s failed summit conference on Financing for Development, despite the previous year’s ‘hyped up rhetoric about its ambition.’” On the whole, while this conference did not meet expectations, CIGI experts noted that it was not a failure, and the rhetoric may help garner support for other major initiatives, including areas for private financing.

Ultimately, CIGI experts expressed that tools for financing sustainable development would be critical in the prospects for development in coming years. Thus far, the establishment of the New Development Bank and the Asian Infrastructure Investment Bank have “brought more financial resources and, more importantly, competition to development financing,” according to CIGI Senior Fellow Hongying Wang. While both of these new banks have expressed a desire to collaborate in funding development, thus far no concrete steps have been taken.

## Trade

In the area of cooperation on trade, CIGI’s experts provided another mixed assessment. Overall, the average rating was 46%, indicating a status quo environment, leaning toward minimal regression. It is worth noting that most CIGI expert responses and scores were submitted prior to the announcement of the agreement on the Trans-Pacific Partnership (TPP) on October 5, which may have altered several individual scores and, ultimately, the overall rating for trade cooperation in global economic governance.

The successful close of the TPP negotiations is indicative of progress in trade governance, and the agreement hit an important moment of opportunity just prior to the federal election in Canada, and ahead of the US presidential election next year. The Transatlantic Trade and Investment Partnership (TTIP) negotiations continue, with the eleventh round of negotiations recently concluding in Miami. Talks have been moving more slowly than expected, in large part due to issues surrounding food and agricultural interests, as well as dispute resolution. As CIGI Global Economy Director Domenico Lombardi noted, “With 150,000 people marching against TTIP in Berlin, it is important to acknowledge the current public opinion regarding the trade partnership.” As the TTIP discussions continue, the goal to complete negotiations by the end of 2016 may be ambitious, particularly given current public sentiment.

In spite of public opinion, bilateral and regional trade agreements show clear signs of growing in prominence and frequency. While the increasing number of bilateral and regional trade agreements show signs of progress for cooperation, it also signals a move

away from multilateral trade governance. There are several recent free trade agreements (FTAs) and negotiations, including the TPP, TTIP, Regional Comprehensive Economic Partnership, the Comprehensive Economic and Trade Agreement and others. Former CIGI Visiting Scholar Qiyuan Xu noted that these agreements are indicative of an increasing number of trade areas expected in the near term, rather than a “more powerful mechanism like the WTO,” and CIGI experts suggested that the world may be moving toward a new regime made up of regional and bilateral agreements, as multilateral negotiations under the umbrella of the WTO are being replaced by regional FTAs.

Related to the difficulties faced by the WTO, including reforming decision-making procedures and negotiating modalities, as well as dispute settlement processes, experts suggested that the implementation of the Bali package to lower trade barriers will take time. “Reforms to the WTO’s decision-making procedures remain at the proposal stage,” and a lack of streamlining of rules governing international trade at the WTO translates into complex and overlapping trade rules for businesses, according to CIGI Senior Fellow Patrick Leblond. CIGI Senior Fellow Kevin Carmichael asserted that the lack of an obvious agenda, with the exception of the Bali package, remains a negative aspect of international cooperation on trade within the WTO, and CIGI Distinguished Fellow John Whalley noted that the inability to agree on a post-Doha agenda in the WTO further illustrates the difficulties in international trade. Positively, however, CIGI Senior Fellow Patricia Goff noted that the WTO dispute settlement mechanism continues to function well.

## Climate Change

According to CIGI experts, the area with the most progress in international economic governance over the last year has been cooperation on climate change. CIGI experts gave an average score of 57%, which indicates minimal progress. Although it is the highest average score, this still reflects a state of progress only sufficient to inspire confidence in long-term outlooks, but not enough to substantiate great improvements. Experts suggested that progress in discussions is evident, but it is not known whether this progress will also translate into a meaningful impact on climate change.

Most notably, almost every expert cited the joint agreement between the United States and China on emissions reductions as a major and positive moment in global cooperation on climate change. CIGI experts suggested that this deal was a potential breakthrough, and could provide momentum for further cooperation in the future and among other nations. CIGI Senior Fellow Sarah Burch noted, “the recent deal between the United States and China...places increased pressure on other large emitters to make significant multilateral or bilateral progress

toward greenhouse gas reductions.” CIGI Senior Fellow Harold James viewed the deal as a sign that the international community is “beginning to take coordination on CO<sub>2</sub> seriously.” CIGI experts argued that the US-China deal creates momentum leading up to COP 21, with a standard now set. Adding to this momentum is the ruling in the Netherlands to cut carbon emissions by 25% within five years. This decision, according to Burch, “sets a precedent for a legal approach to addressing climate change and supports the notion that each nation has a responsibility to manage this risk.”

Looking ahead to COP 21 in Paris in December, some unexpected initiatives suggest that “awareness is rising about the need for concerted actions on a sustained basis,” according to CIGI Distinguished Fellow Jorge Braga de Macedo. Perhaps the greatest risk for these talks is that expectations have been raised too high. As Runnalls noted, “there is a likelihood that the media and civil society will be very disappointed by Paris... nevertheless, there is a good possibility of a decent agreement that will lead to greater cuts in the future.”

A common sentiment among CIGI experts was that while the influx in climate change discussions is noteworthy and positive, the measurable actions thus far are limited and expectations of goals are sometimes unrealistic. Carin indicated that there are too many global constraints to addressing climate change at a multilateral level, including “inappropriate short time horizons and the ‘not in my backyard’ syndrome.” CIGI experts also suggested that the commitments already negotiated under the United Nations Framework Convention on Climate Change are still too weak to avoid the potential climate disruption or ramifications in the future.

Fossil fuel subsidies are due for serious attention, according to several CIGI experts. At the moment, they are equivalent to US\$1000 per citizen per year in the G20. Bak noted with concern that fossil fuel subsidies and increased consumption continues, and that “overall the production and burning of fossil fuels has increased to meet demand in top net importers of oil (China, Japan, India and South Korea) while the United States’ net imports sit at half the volume only five years ago.” Burch noted that “recent moves toward reducing or removing fossil fuel subsidies have a transformative potential” but political changes in Canada and Australia “translate into uncertainty about the extent to which large emitters will authentically take on this task of reduced subsidies.” The slow progress on phasing out fossil fuel subsidies is perhaps indicative of a failure of the G20, according to CIGI Visiting Scholar Alex He. However, other experts suggested that the inclusion of climate change issues in G20 documents represents progress in cooperation on climate change at a multilateral level. Consequently, a drop in oil prices over the last year meant an increase in the production and usage of oil, but it has also meant changes in other areas of global

governance, as many developing countries, including India and Indonesia, have used this drop in oil prices to cut energy subsidies and contribute funds for development.

Central to a discussion on climate change and global economic governance are the means to support and finance the transition away from coal and oil in developing countries. Runnalls stressed that without adequate responsiveness, this “major unresolved issue,” and the “potentially enormous costs of adapting to climate change in the South” could prove detrimental. CIGI Senior Fellow Olaf Weber echoed these sentiments, adding that this topic is not widely discussed because the connection between climate change and finance is not yet well understood. He stated: “facts and figures are needed to calculate the impact of climate change on the financial sector and to understand opportunities for the financial sector to engage in climate finance.”

Overall, CIGI experts emphasized the importance of stabilizing the climate with acute attention to the possible impact on economic growth. CIGI Senior Fellow John Odell supported the “goals of stabilizing the global climate while enabling development in the poorer countries, but long-term global macroeconomic growth and stability are of course important too; we don’t want to shut down growth to stabilize the climate.” Finally, the goals set will not be useful unless the targets are attainable and within reach, and the financing is available to pursue them.

## Conclusion

CIGI’s 2015 Survey of Progress in International Economic Governance concludes that progress on international economic governance has, overall, not changed significantly compared to last year, with the modest exception of slight progress in climate change cooperation. This year’s survey, moreover, reveals some critical gaps in the international system that warrant sustained attention from policy makers, and innovative solutions from analysts, academics and think tank scholars. CIGI’s experts highlighted the need for ensuring progress on shadow banking reforms and other items of the international financial regulatory agenda, including bringing greater consistency with its underlying domestic processes, and integrating plurilateral mega trade deals within the multilateral trade system. Experts also expressed the need for financing mechanisms for climate change and development goals, as well as innovative solutions to addressing climate degradation and declining global economic growth. These issues underscore the importance of persevering on key areas of reform, while also supporting innovative strategies for growth and forward-looking initiatives.

## About the Authors



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# CIGI PUBLICATIONS

## ADVANCING POLICY IDEAS AND DEBATE



## Interactive 2015 CIGI Survey of Progress in International Economic Governance

Domenico Lombardi and Kelsey Shantz

The CIGI Survey of Progress in International Economic Governance, updated annually, tracks the progress made by the Group of Twenty (G20) and other international economic governance institutions in strengthening international cooperation. The survey tracks progress on key governance issue areas to gauge progress or regression in the international economic arena.

Recognizing the difficulty of making objective judgments given the complexity of these issues, the results are offered as a range of subjective opinions from the experts.

The survey is intended to assist policy makers ahead of the annual G20 Leaders Summit by identifying the key economic governance gaps in the current international political and economic climate. By highlighting the areas of the international economic system that warrant focused and sustained attention, CIGI's experts seek to foster progress toward more effective international economic governance.

The results of the 2015 CIGI Survey of Progress in International Economic Governance and an interactive infographic are available at: <https://interactive.cigionline.org/survey-of-progress/#2015>.



## Prioritizing International Monetary and Financial Cooperation for the G20: Views from the T20

Domenico Lombardi and Samantha St. Amand

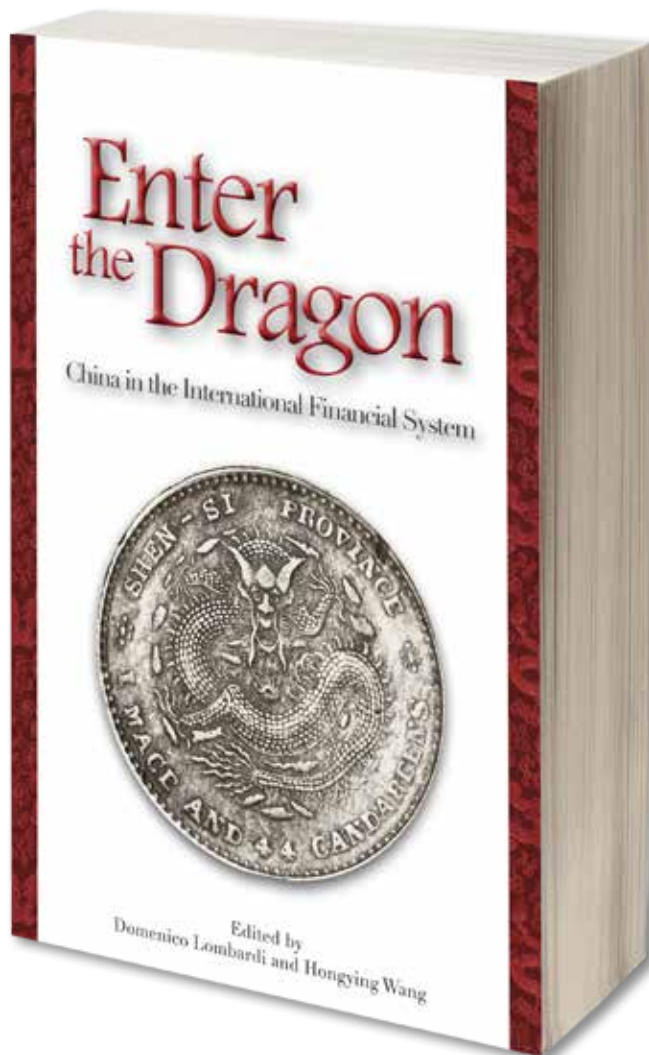
CIGI Policy Brief No. 63

This policy brief is a stock-taking of the proceedings of the Think 20 conference held in Ottawa on May 3–5, 2015, and co-hosted by the Centre for International Governance Innovation and The Economic Policy Research Foundation of Turkey. The meeting involved representatives of think tanks from G20 countries, leading international experts and a number of senior officials. A number of recommendations for the G20 emerged from the discussion. Taking steps to improve cooperation in financial regulatory standards, cross-border macroeconomic policy analysis and implementation, and debt restructuring processes will go a long way in supporting a more prosperous future by strengthening the stability of the global economy and financial system. Most importantly, the G20 should take the lead in establishing environmental sustainability and climate change risks as the biggest threats to the global economy and financial system.

Available as free downloads at [www.cigionline.org](http://www.cigionline.org)

# Enter the Dragon

China in the International Financial System



**Edited by Domenico Lombardi and  
Hongying Wang**

China has experienced a remarkable transformation since the 1990s. It now boasts the second-largest — some would argue the largest — economy in the world, having evolved from a closed economy into the leading goods-trading nation. China's economic rise has given it increasing prominence in international monetary and financial governance, but it also exposes China to new risks associated with its integration into the global financial system.

Drawing insights from economics and political science, *Enter the Dragon: China in the International Financial System* takes a broad conceptual approach and tackles the questions that accompany China's ascendancy in international finance: What are the motivations and consequences of China's effort to internationalize the renminbi? What is the political logic underlying China's foreign financial policy? What forces have shaped China's preferences and capacities in global financial governance?

*Enter the Dragon* contributes to the ongoing debate over China's political interests, its agenda for economic and financial cooperation, and the domestic and international implications of its economic rise. Bringing together experts from both inside and outside of China, this volume argues that China's rise in the international financial system is a highly complex and political process, and can only be understood by incorporating analysis of domestic and international political economy.

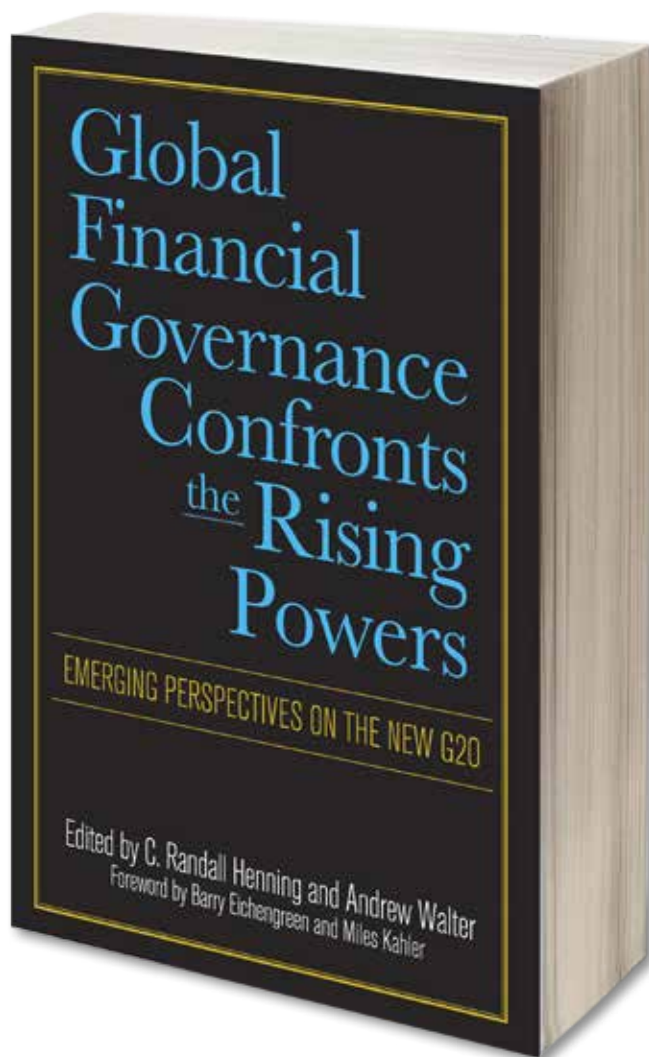
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# Global Financial Governance Confronts the Rising Powers

Emerging Perspectives on the New G20



**Edited by C. Randall Henning and Andrew Walter**  
**Foreword by Barry Eichengreen and Miles Kahler**

Emerging market and developing countries have doubled their share of world economic output over the last 20 years, while the collective contribution of G7 countries has, for several years, been a minority share. The new powers are not simply emerging; they have emerged and continue to rise relative to the advanced countries. This historic shift in the structure of the world economy affects the governance of international economic and financial institutions, the coordination of policy among member states and the stability of global financial markets. How exactly global governance responds to the rising powers — whether it accommodates or constrains them — is a leading question, perhaps the leading question, in the policy discourse on governance innovation and the study of international political economy.

This book addresses the challenge that the rising powers pose for global governance, substantively and institutionally, in the domain of financial and macroeconomic cooperation. It examines the issues that are before the G20 that are of particular concern to these newly influential countries and how international financial institutions and financial standard-setting bodies have responded. With authors mainly from the large emerging market countries, the book presents rising power perspectives on financial policies and governance that should be of keen interest to advanced countries, established and evolving institutions, and the G20.

**Price: CDN\$28**  
ISBN 978-1-928096-17-7

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## About CIGI

The Centre for International Governance Innovation is an independent, non-partisan think tank on international governance. Led by experienced practitioners and distinguished academics, CIGI supports research, forms networks, advances policy debate and generates ideas for multilateral governance improvements. Conducting an active agenda of research, events and publications, CIGI's interdisciplinary work includes collaboration with policy, business and academic communities around the world.

CIGI's current research programs focus on three themes: the global economy; global security & politics; and international law.

CIGI was founded in 2001 by Jim Balsillie, then co-CEO of Research In Motion (BlackBerry), and collaborates with and gratefully acknowledges support from a number of strategic partners, in particular the Government of Canada and the Government of Ontario.

Le CIGI a été fondé en 2001 par Jim Balsillie, qui était alors co-chef de la direction de Research In Motion (BlackBerry). Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario.

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