

China and Global Governance: Assessment of the Process of China's Participation in G20^{*}

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In 2016, China acceded to the rotating presidency of the Group of 20 (G20), which is a premier platform for global economic governance. This holds important symbolic significance, representing that China, as the world's second largest economy, has successfully improved its status and influence in the global governance system.

After the outbreak of the global financial crisis of 2008, China successfully tackled the impact of the crisis, and seized the opportunity to expand the depth and width of its involvement in global economic governance. Meanwhile, China put forward new initiatives for regional governance, such as the Asian Infrastructure Investment Bank (AIIB), and has achieved initial success. Along with the transformation from a regional power to a global one, China has turned itself from a peripheral to a core participant in global economic governance.

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THE GLOBAL FINANCIAL CRISIS AND
ESTABLISHMENT OF G20

More often than not, an international regime arises in the aftermath of a major crisis, and the G20 is no exception. After the Cold War, the global economy was flourishing as never before due to the acceleration of economic globalization. However, financial globalization and the rapid increase in cross-border capital flows also led to more international financial crises, which have an impact on the regional and global economy. Studies show that the frequency of economic crises has doubled.¹ This has made it imperative to strengthen the coordination and cooperation in macroeconomic policies.

The G20 mechanism was founded in the wake of an array of crises, such as the Asian financial crisis of 1997-1998 and the Russian financial crisis of 1998.² The causes of these national and regional financial crises are tied not only to these countries' domestic factors, but also the financial liberalization of developed countries. When developed countries realized that, as emerging economies took up a growing proportion in the global economy, the Group of 7 (G7) controlled by Western countries lost their dominance in global economy actually, and the international economic governance mechanism must be expanded to include emerging economies. In this context, a new international economic coordination mechanism – the G20 – came into being in 1999 within the framework of the Bretton Woods System established after World War II. The initial intention in the establishment of the G20 of developed countries was to control the risks which might have resulted from the rapid development of emerging economies to the global economy. However, they were fully confident in the “health” of their own economies. An obvious evidence is that, during 2007-2008, when the International Monetary Fund (IMF) deliberated country-specific economic policies, developed countries like the US, accused emerging economies of the so-called currency mismatch. Instead of focusing attention on their own macroeconomic shortfalls, the US and other developed countries claimed that the undervalued currencies of emerging economies were the major cause for the

rise of foreign exchange reserves, and were likely to incur major financial crisis. Meanwhile, China and other emerging economies were opposed to this opinion and maintained that US and other developed nations' low savings rate, high trade and fiscal deficits, and financial speculation were the culprit of global economic imbalance. Unfortunately, in this debate, IMF economists tended to be on the side of the Department of Treasury of the US Government and failed to give a prompt warning on the systemic risks that the US subprime mortgage crisis might cause, thereby resulting in a disaster.³

Before the 2008 global financial crisis, the G20's highest decision-making mechanism was meetings of the member countries' central bank governors and finance ministers. The global financial crisis triggered by the US subprime mortgage crisis directly led to the establishment of the G20 summit mechanism. Shortly after Lehman Brothers went bankrupt, the US proposed holding a G20 Special Washington Summit and received positive response from China and other countries. Subsequent to the London Summit in April 2009 and Pittsburg Summit in September 2009, the G20 officially replaced the G7 and become the premier platform for global economic governance.⁴

The establishment of the G20 summit mechanism held great significance for global economic governance, representing that global governance has been taken to a new stage. First of all, in face of the 2008 crisis, major economies opted to enhance international cooperation and coordination in the macroeconomic policymaking, rather than to pursue the beggar-thy-neighbor policy adopted during the Great Depression in the 1930s. Secondly, the increasing power of BRICS (China, Brazil, India, Russia and South Africa) changed the balance of power between developed countries and developing countries, and after the financial crisis, the performance of emerging economies was particularly

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impressive. During 2009-2012, in the world's newly added GDP, 23 developed countries contributed 20%, BRICS took up 55%, and China alone accounted for a significant 40%.⁵ As their strength grew, emerging economies of the G20 demanded that reform of the international economic system should be strengthened, and the representation of developing countries should be expanded, receiving positive response from developed countries. Thirdly, the global financial crisis shattered the myth of neoliberal economics advanced by developed countries. The international community came to realize that the global governance mechanism needed to be fairer and more just: instead of being confined to emerging economies and developing countries, it should regulate developed countries' economic policies as well.

After the global financial crisis, the further reinforced G20 mechanism has been playing a critical role in fueling economic recovery and stability. After G20 became the premier platform for global economic governance, major economies had multi-level discussions over relevant international economic issues, eventually reaching consensus and developing their action plans. Over the past few years, the G20 has formed a complete work mechanism, which is led by the summit, supported by the "dual-track" communication and coordination between sherpas and finance and central bank deputies, and driven by the ministers' meetings. As the G20 lacks a permanent secretariat, the agenda of each summit is completed by the "Troika" – representatives from the host country of the previous G20 summit, the current presidency, and the presidency-elect. Experience is passed on to ensure the continuity of topics. Though G20 resolutions are not compulsory, they are of great significance to the development and governance of the global economy as the commitments and the consensus come from the member countries' governments.

In my view, the following achievements made by the G20 are worth commending:

Effectively coping with financial and economic crises. The G20 has successfully coped with crises through collective actions. This has effectively prevented severe trade wars and currency wars caused by trade protectionism and economic nationalism, paving

the way for pulling the global economy out of recession.

Promoting the steady growth of the world economy. The G20 formulated the Framework for Strong, Sustainable, and Balanced Growth. To ensure the fulfillment of growth goals, the G20 designed and adopted the mutual assessment process mechanism, carried out structural reform and put a curb on protectionism.

Reducing systemic risks in the global financial system. The G20 pushed reforms of the international financial regulatory system dominated by the Financial Stability Board (FSB) and Basel Committee, and introduced a series of principles, standards and guidance documents, including the amendment and implementation of Basel III. It has been crowned with success in strengthening financial institutions' robustness, addressing the issue of "too big to fail (TBTF)", and stepping up financial infrastructure building, thus mitigating risks in the international financial system.⁶

Improving global economic governance. Emerging economies were officially included in the G20 platform and were granted a greater discourse of power, representing remarkable progress of the democratization of international relations. The G20 has forged leader-follower relations and symbiosis relations with the existing international economic governance institutions under the United Nations system and the Bretton Woods System, such as the IMF, World Bank, Organisation for Economic Co-operation and Development (OECD), World Trade Organization (WTO), and the International Labor Organization (ILO). This highlighted G20's political leadership in global economic governance, and has improved global governance efficiency. Not only did it improve the existing global economic governance mechanism, but it enhanced G20's legitimacy and influence as the premier governance platform.⁷

Being open to all stakeholders' opinions. To ensure the transparency and legitimacy in its decision-making process, the G20 established an array of meetings mechanism, such as B20, L20, T20 and Y20, making it accessible for all stakeholders in the international community to participate in the decision-making process of global governance. This has eased doubts about the G20 mechanism to some extent.

CHINA'S PARTICIPATION IN GLOBAL GOVERNANCE:
MOTIVATION AND PROGRESS

By taking effective measures to cope with the global financial crisis, China speeded up its growth in the global economy, and availed itself of the opportunity to get on global economic governance platforms represented by the G20.

In 2010, China eclipsed Japan to become the world's second largest economy. In 2013, it overtook the US as the world's largest goods trader. Meanwhile, China became a major overseas investor and one of the largest source countries of outbound tourists. The remarkable improvement in economic power created favorable conditions for China to play a bigger role in global economic governance. However, the enhancement of economic strength does not necessarily mean the enhancement of discourse power, nor the enhancement of global governance capacity. Therefore, the improvement of China's status in global economic governance both benefited from the favorable international environment and well-designed domestic policies.

After the global financial crisis, the US and other Western countries exhibited their political flexibility as well as their strong desire to adapt to the new global economic reality. To get out of the crisis as quickly as possible, the US put forward the conception of G20 Summit, demonstrating its political will to make compromise and its pragmatic attitude towards the new situation. The resolution adopted at the G20 Pittsburg Summit, in which the G20 was identified as the "premier platform" for global economic governance, and the IMF's reform motion, are both good translations of its political will.⁸

China adopted a timely concession and cooperation policy. After the outbreak of the 2008 financial crisis, the Chinese government explicitly supported the suggestion for a G20 special summit proposed by the Bush administration, and prompted the establishment of G20 as the premier platform for global economic governance. At the subsequent G20 summit, China has actively worked together with other participating countries, and has been committed to reducing current account surplus, strengthening exchange rate reform, and engaging in the Mutual Assessment

Process (MAP), playing a significant role in the mitigation of global economic imbalances and the recovery of the global economy. It should be pointed out that the foregoing involvement especially in MAP was highly challenging to China's economy and decision-making process, but China has earnestly fulfilled its commitment and also enhanced its confidence through the practice.

After a few years of exploration in the wake of the 2008 financial crisis, China has gradually developed a global governance strategy featuring "the parallel implementation of stock reform and incremental reform through regional and global approaches". The specific practices are:

Actively pushing reform of the Bretton Woods System. The post-war Bretton Woods System, including the IMF and the World Bank, remains the main mechanism in contemporary international economic governance. Although the mechanism shows some resilience and compromise towards the reform call of emerging economies, as the reform is likely to cause the redistribution of powers, some of the member states have been flip-flopped, thus resulting in the slow progress of the reform. In 2010, for example, G20 developed a motion on IMF's quota reform, aiming to raise substantially the voting shares of emerging economies like China, but it was thwarted by the US Congress. Because of the political struggle between the two parties and for sake of the maintenance of US interests, the US Congress put off approval of legislation for the reform. However, China has been active in promoting the reform of the Bretton Woods System and has played a positive role in maintaining the authority of the WTO and advancing the Doha round negotiations. For example, at the WTO Ministerial Conference held in Bali in 2013, China persuaded key countries like India, to come to the Bali Package, which, to some extent, changed the pessimistic view on the WTO's prospects.⁹

Leading or taking part in the leadership of the creation of new regional mechanism. China and other emerging economies share the same or similar interests on global issues. Being discontented with the status quo of global governance, they hope to improve the representation of developing countries and make a dent in the dominance of developed countries. After the financial crisis, the

BRICS countries stepped up policy coordination and cooperation. the New Development Bank (NDB), jointly set up by these countries, are now in operation in Shanghai. In addition, the international influence of BRICS Forums keeps growing. Moreover, China's initiative to set up the Asian Infrastructure Investment Bank (AIIB), which was officially established in Beijing in 2016, has drawn wide attention and gained a positive response from the international community. It has no doubt that the establishment of these regional mechanisms compelled the US to carry out the IMF quota reform. In December 2015, the US Congress finally approved the reform motion. According to the motion, the IMF's quota is expected to be doubled, with some 6% being transferred to emerging economies and developing countries. China's voting shares thus rise to the third, and India, Russia and Brazil rank among the top ten. Despite a slight drop in its shares, the US still retains more than 15% veto power over major decisions.¹⁰

The Belt and Road initiative means much to the improvement of global governance.

Putting forward the Belt and Road initiative. The Belt and Road initiative offers a broad prospect for the cooperation between China and relevant countries in Asian and Europe, and it also means much to the improvement of global governance. If the 70 countries or so along the belt and road successfully cooperate with China, huge potential of economic growth will be unleashed. When implementing the Belt and Road initiative, China is poised to set up free trade areas in different forms and scopes with countries where conditions met, thereby opening up the regional economy to a greater extent and gaining a greater discourse power in global economic governance. However, it must be a long way to go before the initiative truly pays off. We should be fully prepared to deal with the potential risks and challenges.

CONSTRAINTS AND CHALLENGES FOR CHINA'S PARTICIPATION IN GLOBAL GOVERNANCE

China, as an emerging economy, has rapidly enhanced its

involvement in and influence on global governance. This can be attributed to many factors, such as the financial crisis that the US and other Western countries underwent, the opening up of global market to China, the constant growth of China after the financial crisis of 2008, and the enhancement of overall strength of emerging economies. However, viewed from the current situation, these factors are all undergoing change. Therefore, there are some uncertainties in China's participation in global governance.

Slowdown in China's economic growth. The Chinese economy is undergoing a significant slowdown under the “new normal”, and the downward pressure is increasing. Although China's economic growth rate still exceeds those of other countries, China is facing many difficulties in transforming growth patterns, upgrading the economic structure, and maintaining demand and growth impetus. Since 2015, there have been a lot of fluctuations in China's stock market, and the global economy was greatly impacted. This called into question China's economic decision-making model and domestic economic governance capacity, and inevitably limited China's discourse power in global governance.

Diminishing influence of the BRICS nations. Due to the global economic slump, the BRICS economies took a big hit. Brazil was caught in a significant political and social crisis, while the Russian economy was stricken by the drop in oil prices and Western sanctions triggered by the Ukrainian crisis. These crises exposed the economic structure defect of emerging economies which is heavily dependent on their own resources, as well as the defect in their political and social system. Under such circumstances, the collective endeavors of emerging economies to gain discourse power in international governance were hindered. As for China, the situation is the same.

Less willingness to cooperate among major powers. After the peak of the global financial crisis, major powers became less willing to cooperate. During the financial crisis, the US advocated “staying together to overcome difficulties” and the establishment of the G20 summit mechanism, and propelled the IMF's quota reform, in order to make headways in global economic governance mechanisms represented by the G20. However, as the US economy gradually

made its way out of the recession, it tended to be unwilling to compromise and cooperate. For example, the US Congress refused to approve the IMF's quota reform motion for five consecutive years, and the Obama administration was also reluctant to invest more political resources for the approval of the Congress. The great popularity gained by China for its initiative to set up the AIIB mirrored the disappointment of many countries in the slow progress made in the reform of the international financial system.

Attempt of developed countries to dominate rules. Along with the development of new global governance mechanisms represented by the G20, developed countries like the US, Japan and European countries have been pursuing the foreign strategy of "ensuring dominance", scrambling for the dominance to develop economic and trade rules in the 21st century. Their efforts mainly included: the US, Japan and Australia took an active part in the development and implementation of the strategic rebalance to the Asia-Pacific region; the US actively pushed forward negotiations over mega-regional free trade agreements (FTAs), such as Trans-Pacific Partnership Agreement (TPP) and Transatlantic Trade and Investment Partnership (TTIP); under the WTO's framework, they initiated multilateral negotiations for Trade in Services Agreement (TISA) (although under the WTO, not all WTO members participate in it), in an attempt to set the "international economic and trade rules of higher standards for the 21st century". These efforts were largely intended to address the issues resulting from the competition of emerging economies represented by the BRICS countries, and their growing influence on international rules. The slowdown in the BRICS countries' economic growth provides a new opportunity for developed countries to restore their dominance over international rules. Taking all the above into account, China's new leadership took a more proactive response, gradually developing an array of regional and global governance solutions. Domestically, China set the agenda for comprehensively deepening reforms; internationally, it came up with the Belt and Road initiative and set up the AIIB, which play a balancing role between the developed countries and the emerging economies.

China's complex identity. The complexity of China's own

identity is both a challenge and an opportunity for it to participate in global governance. The complexity lies in the following aspects: Although China has become the world's second largest economy, it is still a developing country with unbalanced development. Despite its willingness to get actively involved in global governance, as a latecomer, China still needs to get accustomed to the existing rules and mechanisms, because the global governance system and its rules developed by Western countries after World War II are still of Western dominance; in spite of its commitment not to create a new mechanism, its identity as a "reformer" of the existing system is getting increasingly obvious, and its efforts to reform are baffled by countries with vested interests, such as the US, European countries and Japan. All of these factors make it more complicated for China to deal with global governance, and they also seem destined to put China on a bumpy road toward a power in global governance.

Lack of strategic mutual trust between China and the US. As a power that has long been in the dominant position in the post-war international system, the US has been strongly skeptic about China, which holds rapidly growing strength and influence. Although the US has come to realize that, as the common interests of the two nations keep growing and that it is necessary to be "in the same boat" with China at stake, many among its ruling elites still believe in the "Thucydides Trap" hypothesis, assuming that the rise of China is bound to be a challenge to the US status in the Asia-Pacific region and even in the world, and ultimately cause damage to its overall interests. To dispel US misgivings, China and the US reached a statement of intent concerning cooperation on global governance during President Xi Jinping's visit to Washington in September 2015. During the visit, the two countries reached the following consensus: both sides have benefited from the current international economic system; both sides are committed to supporting the international framework and welcome the G20 to play a bigger role in global economic governance; both sides pledged to strengthen and modernize the multilateral development financing system.¹¹ Although the sustainable development of China's economy cannot do without the existing international system, China is not very likely to establish a separate system competitive with the existing

international order. China and the US need to make more efforts to enhance strategic mutual trust and expand cooperation in global governance.

Barriers in a concentric power structure. The current international system clearly features a concentric structure. Specifically, (1) the United Nations system has been “peripheralized”. The UN system (especially referring to the General Assembly, the Secretariat, the UN Security Council, and the Economic and Social Council) is the most important part of the post-war international system. However, due to the difficulty of power distribution and compromise between major countries and the inherent defects of the UN system (the excessive number of member countries makes decision-making inefficient. The US-led Western countries have actually peripheralized the UN. (2) International economic governance institutions are actually playing a substantial role. The substantial influence of Western countries like the US on the international economic system is embodied in their control over the IMF, the World Bank and regional development financing institutions, as well as the global currency, and the financial and energy systems. These mechanisms substantially impact the operation of the global economic system.¹² Through participation in these institutions, emerging economies, such as China, are starting to expand their substantial roles in the international economic governance system. Yet, it still takes time before they can play a leading role. (3) The core arrangement is the international security system. After World War II, the most solid cornerstone for safeguarding US interests and powers has been its worldwide security alliances which not only protect its security but also maintain its international hegemony. To this day, the US-led international and regional security alliance system is still rejecting China, Russia, and other powers. This is not only a threat to China’s peaceful rise, but also limitations to China’s involvement and discourse power in global governance. In recent years, China and other emerging economies have been committed to promoting new concepts like “cooperative security” and “common security”, aiming to transform the US-led international and regional security system. However, up to now, although the international security

system has changed much, China still has huge obstacles to overcome when becoming a core and even a leading power in all aspects of global governance. The strategic intent of the US seems to bar Russia, China and other major powers from the so-called liberal world order led by the US, maintain economic contact with China, and implement security containment to China. Therefore, China should be wary of “Russification” in global governance.

Limitations of the G20 mechanism. While putting a premium on G20, China should keep an eye on its limitations as well. It is necessary for China to develop a reasonable and comprehensive global governance strategy if these limitations are taken into account. The limitations of the G20 mechanism mainly include: (1) Informality. Declarations and resolutions adopted at G20 summits and meetings reflect the consensus of its member states, but are not binding. This makes G20 more like a forum and a platform for dialogue and exchanges. A manifestation of its informality is the lack of a permanent secretariat; because of this, the G20 meeting agenda is mainly determined by the host country through consultations. (2) Low efficiency. The current mechanism is a multi-level one, involving various decision makers from government and non-governmental sectors. The complexity of global issues and the hasty discussion of the officials make the decision-making process a mere formality. Some experts hold that the excessive number of members and lack of core leadership of G20 are the crux of inefficient decision-making. (3) Controversial “legitimacy”. Some critics argue that the legitimacy of G20 is questionable. Because the “self-appointment” mechanism with a few major powers’ involvement calls its representativeness and legitimacy into question. The above defects inevitably constrain G20 from giving full play to its role as a global governance platform.

G20 HANGZHOU SUMMIT ENHANCED CHINA’S CAPACITY IN
GLOBAL GOVERNANCE

China set the theme for the 2016 G20 Hangzhou Summit as “Building an Innovative, Invigorated, Interconnected and Inclusive World Economy”. It strived to promote discussion over global

governance issues in four key fields: pursuing innovative growth, improving global economic and financial governance, promoting international trade and investment, and pushing inclusive and coordinated development.¹³ Given the difficulties in the global economy, China put a special emphasis on promoting innovation and structural reform, and tapping into new impetuses for economic growth, to realize G20's tenet and the goal of "strong, sustainable and balanced growth". Given the risks and uncertainties in the global economy, China proposed improving the global economic governance mechanism and safeguarding international financial stability. Given the downturn of trade investment and rising protectionism, China proposed pushing the powerhouses of investment and trade to build an open global economy. Meanwhile, as development gaps still linger, China intended to prompt G20 member states to lead sustainable development and cooperation worldwide.¹⁴

To achieve the aforementioned goals, the Chinese government strived to achieve ten outcomes at the G20 Hangzhou Summit: (1) drawing a blueprint for innovative growth; (2) implementing the action plan for the 2030 Sustainable Development Goals (SDGs); (3) formulating priority fields, guiding principles and index systems for structural reform; (4) devising global trade growth strategies; (5) mapping out global investment policies and guiding principles; (6) deepening international financial structural reform; (7) creating 3-in-1 anti-corruption cooperation; (8) initiating a cooperation proposal for supporting industrialization in Africa and the least developed countries; (9) developing an entrepreneurial action plan; and (10) prompting the Paris Agreement on climate change to take effect as soon as possible.¹⁵

The agenda reflects the complexity of China's identity. As it needs to give consideration to both the stable growth of the global economy and the development goals of developing countries. With particular stress placed on development issues, the G20 Hangzhou Summit was expected to score two firsts in history. For the first time, development topics were put in a prominent position in the framework of global macro policy and the discussion was carried out on the formulation of the action plan for the 2030

Sustainable Development Goals (SDGs). Moreover, China proposed supporting the industrialization in Africa and the least developed countries, and promoting the implementation in such areas. To some extent, China's proposal met the expectations of many developing countries for the G20 Hangzhou Summit. Just as Colin I. Bradford, a researcher with the Brookings Institution, pointed out, 2016 marked a crucial year for the implementation of the UN 2030 Sustainable Development Goals (SDGs), and the 2016 G20 Summit hosted in China was highly expected by many other developing countries. If the implementation of the action plan for the SDGs was earnestly deliberated at the summit and carried forward, China could develop closer relations with major countries, especially developing countries, thus improving the global governance mechanism.¹⁶

As to climate change, the G20 issued a presidency statement on the issue for the first time at China's proposals and promotions. All parties pledged to sign the Paris Agreement on or after April 22, 2016, and prompted it to take effect as soon as possible.¹⁷

In addition to hosting the summit, it is more important for China to gain deeper insights into existing international mechanisms and foster a broad range of international governance talent through participation and exchanging, so as to provide the reserves of knowledge and talent which are required to be a leading player in the field of global governance in the future. Specifically, by taking advantage of the 2016 G20 Hangzhou Summit, China should expand its participation in the Bretton Woods System and further familiarize itself with the working mechanism. One reason why Western countries like the US worry about the impact of China's rise is on the assumption that China is likely to devote itself to overthrowing the existing international governance framework, thereby endangering the stability of the global economic system. By expanding its involvement in the OECD, the International Energy Agency (IEA), other inter-governmental financial mechanisms (such as the Financial Stability Board), inter-bank mechanisms between commercial banks like the Paris Club, and international anti-corruption mechanisms (such as the Egmont Group¹⁸), China can gradually remove their doubts about itself, and strengthen

its influence and discourse power in existing mechanisms. Even so, China's current involvement in the mechanisms mentioned above is still limited, which reflects its strong vigilance and lack of confidence in its own strength and capability. The IMF, World Bank and OECD are major institutions for cultivating global governance talent. Many candidates of China-initiated AIIB could have come from the IMF and the World Bank, the fact attesting the roles of the existing international institutions in fostering global governance talent.¹⁹

Improving the capacity of China's global governance is anchored in its strength at home. Hence, it is imperative to strengthen domestic labor division and coordination between different departments and institutions, and to foster a sound relationship of interaction between the government, industry and universities, thus creating more favorable conditions for speeding up the cultivation of global governance talent. For this purpose, China should pay more attention to these aspects: (1) strengthening internal communication and coordination within the Chinese government to improve the transparency of the decision-making mechanism and process; (2) attaching more importance to the role of colleges, universities and think tanks in global governance to cultivate high-level talent in accordance with international standards; (3) changing the current separation between teaching and research and between research and decision-making in international politics and economics to promote the integration of disciplines related to global governance.

CHINA'S ROLE IN FUTURE GLOBAL GOVERNANCE

The past two decades witnessed the rapid development of economic globalization. Today, the global economy has been closely integrated and all economies are bound together for good or ill. In addition, "mediocre growth" and "new normal" in the global economy and major economies have made it more urgent to give full play to the global governance mechanisms like G20 in the development of international economic coordination. International cooperation and global governance should be strengthened when

dealing with the impact of de-globalization.

Since 2008, China has strengthened its involvement in multilateral governance platforms represented by G20. Meanwhile, it put forward the proposal for setting up AIIB and came up with the Belt and Road initiative in light of its own strengths. These have substantiated China's participation in global governance and enhanced China's international influence and discourse power, thereby narrowing the gap between China's economic strength and its international power.

The practices, experience and lessons from its involvement in global governance matter much for China to expand and deepen its participation in global governance, as well as to give greater play to its potential leadership. Specifically:

First of all, China should actively assume its international obligations commensurate with its strength, provide more public goods for the international community, and endeavor to meet the expectations of the international community.

Secondly, China should properly handle its relations with the established powers — the US, Europe and Japan, and seek common interests to expand cooperation and reduce conflicts. The US, Europe and Japan are main benefactors of the post-war international system and key makers of the rules, so the rise in status of emerging economies like China in international governance will inevitably challenge the status quo and lead to competition and conflicts between the two sides. Nonetheless, if the divergent interests can be properly handled, compromise and cooperation is possible. On the whole, China and the US have achieved a win-win situation at G20 and on international climate change, though reaching a compromise in the economic field is easier than in the security field. It is believed that with strength, sincerity, negotiations and compromises, breakthroughs can also be made among major powers even in the field of international security governance.

Thirdly, China should take good advantage of its increasing

International cooperation and global governance should be strengthened when dealing with the impact of de-globalization.

economic strength to expand its partnership with other countries and to create new regional governance mechanisms. This would not only facilitate reform of global governance but also make adjustments to the existing international mechanism in China's favor. The reason is: a new governance platform will attract countries that share similar interests, and the collective voice of its member states will help expand its influence. In addition, once a new platform is established, those who initially refused or hesitated to join may be forced to change their mind in order to maintain their own interests. A perfect case in point is the AIIB. Despite the objection and obstruction of the US and Japan, major economies in Europe and in the Asia-Pacific region including South Korea and Australia eventually chose to become AIIB's founding members.

Fourthly, when prompting global governance platforms like the G20 to set up new agendas or create new international governance mechanisms, China should not overestimate the real influence of the US. In other words, it does not mean China could not succeed in anything the US is opposed to. Currently, the US has lost its interest in strengthening G20's role due to internal and external factors, but this does not mean the US will invest its resources against any new practices or mechanisms. Concerning global governance, private conversations between China and the US have been conducive to reducing misunderstandings and preventing the US from setting up obstacles on suspicion of China's motives.

Fifthly, while playing a leading role in global governance, China should act within its own power, namely, making a difference rather than making excessive commitments. Assuming excessive international leadership responsibility will inevitably increase the financial burden and compromise some autonomy. Therefore, in the pursuit of global governance leadership, China should act under its national strategy and take the long view.

¹ Larry Elliott and Mark Milner, “Age of anxiety”, July 10, 2001, <https://www.theguardian.com/business/2001/jul/10/globalrecession>, accessed April 20, 2016.

² For the background of the creation of G20, refer to the official website of the Ministry of Finance of the PRC: http://wjb.mof.gov.cn/pindaoliebiao/yewujieshao/201501/t20150128_1185479.html, accessed May 26, 2016.

³ With regard to the IMF’s misjudgment about the 2008 financial crisis, the IMF’s independent panel published a report, arguing that “intellectual capture”, and inappropriate impact of relevant powers were the major causes of the misjudgment. Refer to IEO, IMF, “IMF Performance in the Run-Up to the Financial and Economic Crisis: IMF Surveillance in 2004-07”, prepared by an IEO team led by Ruben Lamdany and Nancy Wagner, Washington, DC, International Monetary Fund, available at http://www.ieo-imf.org/ieo/files/issuespapers/Crisis_Final_Issues_Paper_Web.pdf (2011), and Yong Wang, “Seeking a balanced approach on the global economic rebalancing: China’s answers to international policy cooperation”, *Oxford Review of Economic Policy*, Vol. 28, No. 3, 2012, pp. 569-586.

⁴ Jonathan Luckhurst, *G20 Since the Global Crisis*, Palgrave Macmillan US, 2016.

⁵ “World GDP”, March 30, 2013, *The Economist*, available at: <http://www.economist.com/news/economic-and-financial-indicators/21574491-world-gdp>, accessed May 27, 2016.

⁶ Fan Wenzhong, Qi Xiang: “Overview of International Financial Regulation Reform & Outlook in 2014”, *Financial Regulation Research*, 2nd Edition of 2015.

⁷ Jin Zhongxia, “A Close Look at the Relations between G20 and International Organizations”, available at: <http://www.globalview.cn/>, May 24, 2015, http://www.globalview.cn/html/global/info_3357.html, accessed February 1, 2016.

⁸ For the process through which the G20 was chosen as the premier platform of global economic governance, refer to: *Choice: China & Global Governance* by He Yafei, Beijing: China Renmin University Press, 2015.

⁹ “Wang Shouwen, Assistant Minister of Commerce of the PRC, Meets the Press on WTO and APEC Issues”, refer to the Ministry of Commerce’s website, <http://www.mofcom.gov.cn/article/ae/ai/201401/20140100478401.shtml>, accessed May 20, 2016.

¹⁰ Zhang Penghui, Wu Gang, Wang Guan: “The US Approved IMF Quota & Governance Reform Motion, China to Become IMF’s Third Largest Member State”, *People’s Daily*, December 20, 2015, Page 3.

¹¹ Refer to: “Outcome List of President Xi Jinping’s State Visit to the United States”, *People’s Daily*, September 26, 2015, Page 3.

¹² In the beginning of establishment, the IMF and the World Bank seemed to be part of the UN system, serving the UN’s aim of improving the living standards in various countries. However, they are actually two institutions operating independently outside the UN system, and their relationship with the UN is mainly as partners. Currently, the two institutions show clear intention of playing down their connection with the UN system and highlighting their independence and partnership. This mirrors the policy inclination of the US, the largest capital contributor of the two institutions, towards the UN system. Refer to the official websites of the IMF and the World Bank: https://www.imf.org/external/about/collab.htm#imf_un; <http://www.worldbank.org/en/about/partners#3>, accessed June 7, 2016.

¹³ “Speech by President Xi Jinping at Session II of the 10th G20 Summit”, *People’s Daily*, November 17, 2015, Page 1.

¹⁴ “Media Briefing Reports: President Xi Jinping Will Attend G20 Hangzhou Summit”, held by Ministry of Foreign Affairs, *People’s Daily*, May 27, 2016, Page 2.

¹⁵ *Ibid.*

¹⁶ Colin I. Bradford and Haibing Zhang, “Political decisions and institutional innovations required for systemic transformations envisioned in the post-2015 sustainable development agenda”, Brookings Institution, September 8, 2015, available at: <http://www.brookings.edu/research/papers/2015/09/08-post-2015-sustainable-development-agenda-bradford-zhang>, accessed December 7, 2015.

¹⁷ “Li Baodong: G20 Hangzhou Summit Scored Two First in G20’s History”, available at: <http://www.chinanews.com/>, April 22, 2016, <http://www.chinanews.com/gj/2016/04-22/7843618.shtml>, accessed June 4, 2016.

¹⁸ The author thanks Dr. Barry Carin for making this suggestion. He is a Senior Fellow of the Center for International Governance Innovation (CIGI) and Canada’s former high commissioner to Singapore. See Barry Carin and Gordon Smith, “Working with China towards a new international architecture: a strategic partnership with Canada on global issues of mutual interest”, Toronto: Canadian International Council, 2010.

¹⁹ “AIIB Sets Sail, 12 Decision-makers to Be Selected in Mid-January”, available at: <http://finance.ce.cn/>, January 5, 2016, http://finance.ce.cn/rolling/201601/05/t20160105_8050801.shtml, accessed June 4, 2016.