



The Rt. Hon. Theresa May MP
Prime Minister

13 June 2019

Dear Prime Minister,

The G20 Summit 2019

The House of Lords International Relations Committee has been giving some thought to the issues arising at the G20 Summit in Osaka, Japan (28-29 June), which you will of course be attending, and aspects which may involve British national interests most closely.

As part of our deliberations we took some expert evidence (from Alan Wheatley, Associate Fellow, Global Economy and Finance, Chatham House, Dr Linda Yueh, Fellow in Economics, St Edmund Hall, University of Oxford, and Lord O'Neill of Gatley). This letter to you sets out the Committee's concerns ahead of the Summit at these generally very troubled times in world affairs, and poses some questions for the Government in the context of the Summit.

The Summit clearly comes at a time of considerable uncertainty for the global economy. There are some signs of a cyclical slowdown, and the International Monetary Fund (IMF) has warned that that the level of debt presents the risk of another global economic crisis. We ask you to ensure that members of the G20 evaluate this warning carefully and address as openly and frankly as possible the causes lying behind it. Both the Director General of the IMF and those who gave evidence to us have made clear their concern that increasing trade policy tensions, particularly but not exclusively those between the US and China, are contributing to a weakening of global prospects for economic growth and therefore for our own economy.

We note in particular the growing impact and weight of the rising Asian economies both in immediate world growth and in reshaping the pattern of our trade in the longer term. We trust that you will be reminding the other G20 leaders of the need to face the full implications of these profound shifts in the world economy – not least in the character of world trade, such as the continuing shift to trade in services and data.

The G20

We heard from witnesses that the G20's convening power, bringing together the leaders of the world's largest economies, remains important, particularly in view of the declining significance of the G7 as a global forum. However, since its substantive role in co-ordinating a response to the 2007-08 global financial crisis, we were told that the G20's role and functioning have fallen short and need to be strengthened.

Our witnesses highlighted two particular issues in this regard. First, while the initial focus of the G20 was international economics and finance, the agenda of the group has broadened in recent years, with the forthcoming Summit including issues from healthcare to environmental sustainability, protectionist tendencies, migration movements, energy vulnerabilities and other factors affecting the health of world commerce. This is a trend which we welcome as being a realistic appreciation of the forces shaping the global economy and which lie beyond the capacity of individual nations to control. We understand that at Osaka the G20 will therefore be considering issues beyond the narrow economic agenda. How, in particular, do we see changing UK interests being reflected in this seemingly broader G20 approach?

Second, we heard concerns from our witnesses that there is no effective mechanism to follow up the implementation of agreements reached at G20 summits (as set out in the final communiqués of the meetings). How does the Government track and report its own compliance with agreements reached at G20 summits? What consideration has the Government given to possible ways in which commitments made at the G20 by all countries could be monitored, with the aim of ensuring that agreements reached at the G20 are implemented? For example, our witnesses suggested that a monitoring role could be played by the Organisation for Economic Co-ordination and Development, or by the International Monetary Fund via its Article IV consultation process. Or do some of the powerful new non-Western networks of international co-operation have a larger part to play and, if so, how should they be engaged?

Trade policy and the WTO

An area of particular concern to the Committee, and as set out in our recent report, *UK foreign policy in a shifting world order*,¹ is the health of the rules-based international order. Our witnesses raised concerns about the US Administration's ongoing hostility to the World Trade Organisation. We remain of the view that maintaining and widening the role of the WTO, including a functioning dispute settlement mechanism, should be a priority for the UK. It should strongly support efforts by like-minded countries at the G20 Summit to defend and strengthen the WTO to adapt to modern trading conditions and resist protectionism in all forms.

In this regard, what actions is the UK taking in the context of the forthcoming Summit to reach international agreement to reform the WTO, in order to preserve the dispute settlement procedure? What engagement has the UK had with its partners to consider ways to circumvent the US blockage on appointments to the WTO's Appellate Body?

Climate change

We hope that you will do all you can to encourage other G20 members to make matching commitments to the UK's ambition to cut greenhouse gas emissions to zero by 2050, contribute constructively to the UN Secretary General's conference on climate change, and curb the alarming continued growth of carbon emissions.

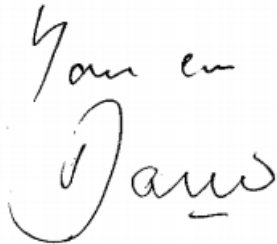
¹ <https://publications.parliament.uk/pa/ld201719/ldselect/ldintrel/250/250.pdf>

The IMF

We also heard that the US has blocked the IMF's request for further funding. What is the Government's position on this issue, and what steps has it taken to influence the US position? And what steps does the Government propose to ensure that the IMF's structure and objectives reflect the changing balance of world economic power and influence?

We would much value your response to these questions and concerns, as well as a detailed read-out of the Summit and the related ministerial meetings.

I am copying this letter to the Rt Hon Jeremy Hunt MP, Secretary of State for Foreign and Commonwealth Affairs, the Rt Hon Lord Taylor of Holbeach CBE, Lords Chief Whip, and Sir Mark Sedwill, Cabinet Secretary.

A handwritten signature in black ink, appearing to read "Yours ever" followed by a large, stylized signature that looks like "Darius".

Lord Howell of Guildford
Chairman, International Relations Committee