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WORLD

G-20 Agrees to Joint Statement, With Compromises

The U.S. succeeded in taking out a call against protectionism, while China managed to strike out 'unfair trade practices'



German Chancellor Angela Merkel and U.S. President Trump meet at the G-20 summit on Saturday in Buenos Aires. Secretary of State Mike Pompeo and national security adviser John Bolton are seated to the president's left. PHOTO: PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

By *Valentina Pop*

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BUENOS AIRES—After late nights of difficult negotiations, the Group of 20 nations issued a joint statement that affirms the importance of the multilateral trading system, with concessions in the language to the U.S. and China on protectionism and unfair trading practices.

Such statements were once routine, but they have become a struggle in recent months, with the Trump administration aggressively questioning the basic tenets of multilateral gatherings and institutions. It also follows a highly publicized failure last month in Papua New Guinea, where members of the Asia-Pacific Economic Cooperation forum couldn't agree on a communiqué because of fights between the U.S. and China.

The potential for a truce in the U.S.-China trade dispute during a dinner Saturday evening between President Trump and Chinese President Xi Jinping worked as an incentive to agree on a statement rather than spoil the mood, said one EU official involved in the negotiations.

"In a moment in the world with so much tension, in which other similar meetings didn't achieve this level of coordination and agreement," the G-20 agreed on a communique, said Argentine President Mauricio Macri, who hosted the conference. "That's very important for us."

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To get U.S. agreement, the Europeans agreed to U.S. demands to leave out of the document G-20 tenets that protectionism and trade disputes are bad for the economy and that global institutions are necessary and useful, according to an EU

official involved in the negotiations. China managed to strike out “unfair trade practices,” language it had objected to at APEC over concerns it was singling out Beijing.

A U.S. official said the U.S. “did a great job of promoting U.S. pro-growth policies,” in the communiqué and got language in the statement calling for “sustainable financing practices” in infrastructure projects. The U.S. has criticized China for lending so heavily to developing countries, as part of its Belt-and-Road Initiative, that they wind up with big debt problems.

Negotiations were so fraught that when the U.S. negotiator asked if leaders really have to say that the International Monetary Fund is “at the center” of the global financial system, the EU negotiator replied: “Yes, it’s in Washington.”

As recently as Friday, European negotiators thought the talks would fall apart. They saw reports that day that U.S. national security adviser John Bolton considered pulling out of the G-20 summit statement. They looked at each other and said: “This is not looking good,” one EU official recalls.

That focused the Europeans on trying to stave off what they thought could be the start of the dismantling of the multilateral trading system. In talks between the U.S. and European nations, negotiators endorsed the draft statement that recognized that the multilateral trading system helped economies grow, and that a majority of nations still support the Paris climate accord.

Apart from the APEC debacle, European leaders had also experienced brash treatment by President Trump at the Group of Seven summit in Canada in June when leaders sought to convince him to sign off on a joint statement, only for Mr. Trump to dismiss it after he left the venue.

Early Saturday, European negotiators broke off from the all-night drafting session confident that the compromise language would be acceptable to the U.S., China and the other members of the G-20.

The compromise text acknowledges that trade and investment are “important engines of growth, productivity, innovation, job-creation and development.” But it adds that “the system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO [World Trade Organization] to improve its function and we will review progress at our next summit.”

The document didn’t explain what reforms should be sought, reflecting the differences among the nations. The U.S., for instance, has blocked appointments to the WTO’s appellate review body, which threatens to halt the organization’s ability to review trade complaints. The U.S. believes that the WTO unfairly restrains its ability to use tariffs to enforce trade actions.

“The conversation about reform is just beginning,” said WTO Director-General Roberto Azevedo in an interview. “Before now, the conversation in the G-20 was whether the WTO needed reform or not. The G-20 countries have taken a significant step forward.”

References to climate change and migration that the U.S. strongly objected to were also watered down, while China stood its ground against calls from the U.S., Canada, Europe and Australia to make firm commitments to reduce its steel overcapacity.

The communiqué subtly noted the splits on climate change. It called the Paris Agreement “irreversible” and reaffirmed support for full implementation. But it also noted, without comment, that the U.S. reiterated its plans to withdraw from the Paris climate accord and would use “all energy sources and technologies, while protecting the environment.”

The statement also recognized the global concern of refugees and the political, social and economic consequences, but didn’t propose any actions. Refugees remain a flashpoint for many countries and contributed greatly to the political downfall of German Chancellor Angela Merkel. Mr. Trump has been dismissive of calls for developed nations to play a role in handling the crisis.

“A big majority of the countries around the table spoke in favor of multilateralism, even as it’s gotten more difficult” to come to an agreement, said Ms. Merkel.

Additionally, the G-20 called for stepped up efforts on fighting terrorism and money laundering and implores “the digital industry” to work to combat the “exploitation of the internet and social media for terrorist purposes.”

But even as the worst outcome was averted in Argentina and the G-20 still lives on another year—with Japan hosting the next summit—European officials fear diminishing support for the multilateral trade order. “Some terms that were usual in previous G-7 and G-20 communiqués have become taboos: For the U.S., it’s multilateralism, for China it’s unfair trade practices,” said an EU official.

—*Alex Leary and Jeffrey Lewis contributed to this article.*

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