

German Objectives for the 2002 Kananaskis G8 Summit

Political Data

Type: democratic, federal, multi-party republic with representatives chosen directly by the people.

Head of state: Federal President

Elected for a five-year-term, may be re-elected only once for a second consecutive term. Since July 1999 Johannes Rau (SPD).

Head of government: Federal Chancellor

Elected for a four-year term, no limitation on re-election.

Since 1998 Gerhard Schroeder (SPD).

Incumbent government: a coalition of Social Democrats (SPD) and Alliance 90/The Greens.

Government:

Chancellor:	Gerhard Schroeder (SPD)
Minister for Foreign Affairs and Deputy Chancellor:	Joseph (Joschka) Fischer (Greens)
Minister of the Interior:	Otto Schily (SPD)
Minister of Justice:	Prof. Dr. Herta Daeubler-Gmelin (SPD)
Minister of Finance:	Hans Eichel (SPD)
Minister of Economics and Technology:	Werner Mueller (independent)
Minister of Consumer Protection, Food and Agriculture:	Renate Kuenast (Greens)
Minister of Labour and Social Affairs:	Walter Riester (SPD)
Minister of Defence:	Rudolf Scharping (SPD)
Minister for Family Affairs, Senior Citizens, Women and Youth:	Christine Bergmann (SPD)
Minister for Health:	Ulla Schmidt (SPD)
Minister of Transport, Building and Housing:	Kurt Bodewig (SPD)
Minister for the Environment, Nature Conservation and Nuclear Safety:	Juergen Trittin (Greens)
Minister of Education and Research:	Edelgard Bulmahn (SPD)
Minister for Economic Cooperation and Development:	Heidmarie Wieczorek-Zeul (SPD)

Personal Assistant to the Chancellor for the Preparation of the World Economic Summit (G8 Sherpa): Dr. Alfred Tacke, State Secretary in the Federal Ministry of Economics and Technology.

Parliament's Upper House: Bundesrat

Consists of 69 members (69 votes) of the 16 state governments or their representatives.

Distribution of votes:

SPD: 10, SPD/Greens: 13, SPD/CDU: 7, SPD/FDP: 4, SPD/PDS: 3,
CDU: 11, CSU: 6, CDU/FDP: 1, CDU/SPD: 4

Lower House: Bundestag

669 members including 207 women (31%):

- Social Democratic Party (SPD): 298 members, 105 women,
- Christian Democratic Union (CDU)/Christian Social Union (CSU): 245 members, 45 women,
- Alliance 90/Greens: 47 members, 27 women,
- Free Democratic Party (FDP): 43 members, 9 women,
- Party of Democratic Socialism (PDS): 36 members, 21 women.

National Elections: Held every four years.

Eligible voters: German citizens 18 years or older.

Most recent elections: September 27, 1998

Voter turnout: 82.2%

Party	% of vote by Party	Seats by Party
SPD	40.9 %	298
Greens/Alliance '90	6.7 %	47
CDU/CSU	35.1 %	245
FDP	6.2 %	43
PDS	5.1 %	36

* **Next elections:** September 22, 2002.

Economic Data

(Source: German Information Center at: <http://www.germany-info.org/>)

Currency:

As of 01-01-2002: Euro (€)

1948-2001: Deutsche Mark, also Deutschmark, (DM or DEM)

GDP:

€2,064 bn (+1.9%) at current prices (2001)

DM 3,850.1 bn (\$1,925 bn) (2000)

GDP - Real growth rate:

+0.6% (2001)

+3.0% (2000)

National Income - Per capita:

€18,500 or DM 36,183, +1.2% (2001)

DM 35,800 (\$17,900), +2.4% (2000)

Inflation:

+2.5% over 2000, a record high rate since 1994 (+2.7%)

East: +2.9%, West: +2.3%.

Unemployment rate:

4,296,200 jobless persons or 10.4% (February 2002)

West: 2,789,100 jobless persons or 8.3%

East: 1,507,100 jobless persons or 19.2%

Annual average: 3,851,600 jobless persons or 9.4% (2001).

Foreign Trade (2001):

Exports: €637.2 bn/\$567.1, +6.6% over 2000,

Imports: €543.3 bn/\$483.5, +0.9% over 2000,

Trade Surplus: €93.9 bn or \$83.6 bn,

Current Account Surplus: €11.1 bn or \$9.9 bn,

Federal Central Bank: Deutsche Bundesbank

President: Ernst Welteke

Bank Rate:

2.71% (since January 1, 2002)

(Source: Deutsche Bundesbank)

SUMMIT OBJECTIVES FOR KANANASKIS:

As hosts of the 2002 Kananaskis Summit, the government of Canada has set the agenda for the G8 leaders. The Summit is to focus on three core issues: Strengthening Global Economic Growth; Building a New Partnership for Africa's Development; and Fighting Terrorism. In general, Germany appears to be content to discuss these topics but may hope to gain ground in a number of other related areas under the broad three core issues on the Summit agenda.

1. AFRICA ACTION PLAN

As an active participant in drafting the Africa Action Plan, the G8 response to Africa's NEPAD (New Partnership for Africa's Development) proposal launched in October 2001, Germany wants to encourage momentum and adherence to a timeline for the implementation of the plan alongside members of the G8. In December 2001, Germany's Commissioner for G8 and African Affairs, Ms. Uschi Eid, attended the UN conference at Addis Ababa to help map out the priority themes from NEPAD and attended a further meeting in Cape Town in February 2002.

Germany made specific contributions in drafting a plan for peace and security, including conflict prevention, resolution and post-conflict reconstruction.¹ Germany was also responsible for a paper on economic growth, private investment, and development assistance with contributions from Britain, the EU, France, Japan and Russia.² Germany's Minister of State with responsibility for the G8 Africa Plan, Ms. Uschi Eid, also expressed optimism for the successful implementation of the plan since "the industrialized countries would this time not prescribe, but consult Africans as to what the continent wants." Ms. Eid also suggested that one of the reasons that international initiatives may have been unsuccessful heretofore, has been the lack of direct input from African leaders: "If things are imposed from outside, they don't work," she said.³

During his visit to South Africa in January 2002, German President, Johannes Rau assured that Africa remained high on his country's list of priorities but expressed concern over the crisis in Zimbabwe and made clear that South Africa should lead efforts to restore stability and build economic growth on the continent.⁴

In the opening address to the Economic Conference on Africa on April 22, 2002, in Berlin, Chancellor Schroeder confirmed that the G8 countries will be adopting an Action Plan at the Summit in Canada, which will set out point by point what can be done politically to support the NEPAD initiative. The conference was organized by Ms. Eid to bring together African representatives with their German opposite numbers and business partners. Schroeder highlighted that the G8 Action Plan's main focus will be peace and security, good governance, learning and health as well as growth, trade and investment. He noted that the European model of cooperation and accommodation of different interests could serve as a template for Africa. Schroeder closed his speech by confirming that as Africa's partner, Germany will remain committed to promoting more and better opportunities throughout the continent and that Germany will also do so as political partners, as investors and as partners in trade. Germany has proven its commitment as Africa's fourth largest donor in the field of development cooperation.⁵

Hence, Germany is expected to help ensure that the Africa Plan becomes operative at the Kananaskis Summit.

2. TERRORISM AND INTERNATIONAL SECURITY

Gerhard Schroeder and Joschka Fischer affirmed that Germany's foreign policy would continue to take action to ensure international security in the post September 11 world.⁶ In line with this responsibility, Germany has extended its mandate for military involvement in Afghanistan and Macedonia, as well as stresses the need for continued

intervention in Kosovo.⁷ Germany has further underscored its commitment to guaranteeing security by taking the lead in humanitarian as well as development assistance to Afghanistan. Germany played a central role in drafting the Bonn Agreement for political stabilization in Afghanistan, as well as in the organization of the Loya Jerga and the establishment of an interim government in Afghanistan under the presidency of Hamid Karzai.⁸

Terrorism

After its vote of support for the G7 Finance Ministers' October 2001 plan to combat terrorism and fulfilling its UN commitment to draw up specific measures to combat terrorist financing and improve security, Germany continues to back US-led coalition campaign initiatives against terrorism. The strategy tabled and reviewed at ministerial talks in Whistler reinvigorated the commitment by members of the G8 to strengthen immigration controls. Moreover, the G8 Ministers' committed to increase cooperation among Intelligence units to ferret out sources of funding for terrorists and to prevent money laundering and smuggling of materials used to manufacture nuclear, biological and chemical weapons. Germany is also lining up support in favor of punitive sanctions against countries and financial institutions that do not take measures to prevent money laundering.⁹ So far, more than 200 bank accounts containing more than \$4 million total have been frozen in the effort to dry up the financial sources of terrorism.¹⁰

Middle East

An active and full partner in the international coalition against terrorism, Germany considers the threat to international security to be closely tied to solutions of regional crises such as in the Middle East. Highlighting the crisis in the Middle East as a priority on Germany's foreign policy agenda, Foreign Minister Joschka Fischer expressed hope for the prospect of a two-state solution for Israel and Palestine.¹¹ Indeed in light of the continuing violence in the region, Germany will likely wish to discuss possible solutions to the conflict at the Kananaskis Summit.

3. HIPC Initiative and Official Development Assistance

According to Germany's Development Minister, Heidemarie Wiecek-Zeul, one of Germany's foreign policy objectives is to ensure that global economic integration does not produce further disadvantages for developing countries. Since the 1999 Cologne Summit, Germany's strategy to assist the development of these poor countries has been a two-pronged approach, encouraging poverty reduction and economic reform. First, Germany has stressed the urgency of systematic debt forgiveness within the framework of the HIPC (Heavily Indebted Poor Countries) Initiative and second, the need to increase the opportunity for developing countries to participate in international trade.

Debt Relief and Aid

The government wants to increase its development aid to ensure the goal of 0.7 percent of GNI for the support of poor countries as discussed at the International Conference on Financing for Development in Monterrey, Mexico in March 2002.¹²

Germany wants to endorse the increase in the proportion of aid made in grants to poor countries to 18-21 per cent as part of the agenda to increase to \$22 billion the grants and loans provided to developing countries through the World Bank over the next three years. Grants will be targeted at countries recovering from natural disasters and wars as well as combating HIV.¹³

Germany currently remits debts of approximately 5 billion euro. Moreover, the Federal Government contributes more than 300 million euro of grants and over 250 million euro in interest-free loans to IDA funds from which debt remission measures of the World Bank and the IMF are financed.¹⁴ Since the HIPC Initiative began under Schroeder's leadership at the Cologne Summit in 1999, it has been a priority for Germany.

Access to International Markets

The German government's objective to improve market access for least developed countries is to be pursued by further reducing existing customs barriers for both industrial goods and agricultural products, and encouraging industrialized countries to reduce customs barriers.¹⁵ With support from the German government, the multilateral African Trade Insurance Agency (ATI) signed an agreement with subsidiaries of Germany's Gerling Group in December 2001. Under the agreement, ATI and subsidiaries of Gerling will operate a joint underwriting management program, with ATI issuing and managing credit insurance policies, underwritten by Gerling. This agreement will facilitate companies trading to, and within Africa, to buy one insurance policy, covering the commercial and political aspects of trade risk. Created in August 2001 and supported by the World Bank, ATI is the only multilateral pan-African agency to specialize in the coverage of export credit and political risk insurance.¹⁶

Germany also acknowledges that the reduction of poverty in the developing world could play a central role in combating international terrorism. According to the state secretary in the Ministry for Economic Cooperation and Development, Erich Stather, "The fight against terrorism should not be limited to military action, Stather said, but should also take into account the social background to terrorist activities."¹⁷

4. STRENGTHENING GLOBAL ECONOMIC GROWTH

German economic output hardly grew in 2001, as world demand caused exports to decelerate. Both investment and private consumption contracted, while both inflation and unemployment grew to new heights. Into 2002, Germany's economy remains sluggish and is experiencing major corporate failures on an unknown scale. On March 22, 2002, the construction group Phillip Holzmann filed for bankruptcy causing a major blow to Germany's chancellor Gerhard Schroeder, who bailed out the firm two years ago. Then on April 8, 2002, the main unit of the Kirch media empire declared itself insolvent,

making it Germany's biggest corporate collapse since World War II. A short strike in the metal industry did little to further an already weak economic environment. However, there are signs of hope that recovery in Europe's largest economy is finally under way. After the sharp rise in inflation at the beginning of the year, the inflation rate resumed a downward trend and is posed to fall below 1.5% by the middle of the year. While industrial production still declined by 0.2% in the first quarter of 2002, the GDP grew by 0.2%. According to the latest survey of business confidence by Germany's Finance Ministry, "an upward trend is gaining momentum" and "recovery is underway."

Germany will certainly want to underpin its economic recovery at the Kananaskis Summit. Germany will also support further trade liberalization efforts, especially with vis-a-vis developing countries and will likely want to see some commitment by the G8 towards the World Summit on Sustainable Development poised to take place in Johannesburg from August 26 to September 4, 2002.

5. EDUCATION ACTION PLAN

According to the World Bank, to deliver on the promise of providing universal primary school education to all children by 2015, ¹⁸ up to \$4 billion would be needed in annual contributions to the education fund.¹⁹ While Germany has expressed willingness in continuing to work toward the World Bank's Education Action Plan target, no indications on where the monies would come from have been given. However, at Kananaskis Germany will endorse the Report of the G8 Education Task Force and any further Action Plan the leaders may decide upon. In an April 21, 2002, speech on Globalization and its opportunities, Chancellor Gerhard Schroeder, highlighted the HIPC Initiative as an urgently necessary program for the world's poorest nations but pointed out that in the long run debt-ridden countries can only be properly helped by linking aid with self-help incentives. First and foremost, according to Schroeder, is the incentive to send children in the poorest nations to school because education translates into prosperity.²⁰

6. ENVIRONMENT (Kyoto Protocol)

The European Union ratified the Kyoto Protocol on May 31, 2002, taking a significant step toward activating the international climate protection agreement. Germany, as one of the signatories, will continue to call on other countries to ratify the protocol in both the developed and developing world. However, in spite of Foreign Minister Joschka Fischer's reiterated commitment to the protocol, the current signatories do not account for the 55% commitment threshold required for the protocol to enter into force. The greatest challenge continues to be the US, which accounts for 25% of the world's greenhouse gas emissions, in its refusal to sign on. The ratification of the Kyoto Protocol will remain one of Germany's priorities. However, no great strides are expected on this issue at Kananaskis.²¹

Prepared by: Oksana Werbowy and Ralph Czychun

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