



G7 Summit 2018: A Missed Opportunity?

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The leaders of the G7 countries gathered in Charlevoix, Quebec, Canada for the 44th G7 Summit on June 8-9, 2018. During the two-day meeting, the leaders of G7 countries discussed a wide range of issues, both economic and political in nature. Interestingly, the summit was held at a critical juncture with the United States (US) and the rest of the G6 members embroiled in a tussle on trade and security-related issues. First, the US administration's imposition of tariffs on steel and aluminium with far-reaching implications for the European Union (EU), Canada and Mexico. This culminated into a 'trade war' with the latter announcing retaliatory actions against such a move. Second, tensions were also high prior to the G7 Summit with the ongoing skirmish between the G6 and the US administration on the latter's decision to withdraw from the Iranian Nuclear Deal and Russian readmission into the grouping.

With the pre-Summit differences persisting at the Summit, the leaders of the G6 countries adopted the Charlevoix Leaders' Communiqué underlining their commitments on a number of issues at the end of the summit. This Summit marked a significant departure from the last summit at Taormina, Italy in May 2017. In the previous Summit, while there were visible divisions between the US and the rest of the G7 countries on climate change, there was varying degree of agreement too on issues ranging from terrorism, security, trade and development. Unlike the Taormina Leaders' Communiqué, the Charlevoix Communiqué was not endorsed by the US administration in toto.¹ Notwithstanding US refusal, the Joint Communiqué mentioned US under the sub-section of climate change, oceans and clean energy.

Global Economy

Akin to the previous Communiqué, the G6 leaders recognised 'free, fair, and mutually beneficial trade and investment, while creating reciprocal benefits, as key engines for growth and job creation'. Noteworthy, trade has been a major source of contention between the US and the

remaining six G7 members since the imposition of tariffs of 25 per cent on steel and 10 per cent on aluminium on EU, Canada and Mexico in May 2018 by the US administration under President Donald Trump.² This further aggravated with Prime Minister of Canada, Justin Trudeau, announcing that Canada will “move forward with retaliatory measures” on July 1 in response to the Trump administration’s decision to impose the steel and aluminium tariffs at the conclusion of the Summit on June 9, 2018.³ This triggered President Trump’s decision to retract his endorsement of the joint statement.⁴

Like the previous summit, the G6 leaders also underscored the importance of a rules-based international trading system and committed to continue to fight protectionism. However, and unlike the previous communiqué, the leaders also recognised the importance of bilateral, regional and plurilateral agreements to be open, transparent, inclusive and WTO-consistent, while committing to work towards ensuring that they complement the multilateral trade agreements. Expressing a commitment to modernise the World Trade Organisation (WTO) the Communiqué stressed ‘to make it fairer as soon as possible’ and ‘to reduce tariff barriers, non-tariff barriers and subsidies’.⁵ Unlike the previous Summit, what can be considered an encouraging sign is that the communiqué did not mention that ‘trade has not always worked to the benefit of everyone’.⁶

In the wake of the tariff imposition by the US on the G6 countries, including the members of the EU and Canada, on steel and aluminium, the six leaders of the G7 called for ‘the start of negotiations by this year to develop stronger international rules on market-distorting industrial subsidies and trade-distorting actions by state-owned enterprises’ and urged ‘all members of the Global Forum on Steel Excess Capacity to fully and promptly implement its recommendations’. It further stressed the ‘urgent need to avoid excess capacity in other sectors such as aluminium and high technology’.⁷

Welcoming the contribution of technological change and global integration to global economic recovery and increased job creation, the G6 leaders agreed to ‘share the responsibility of working together to stimulate sustainable economic growth that benefits everyone and in particular those most at risk of being left behind’, through continuous ‘monitoring of market developments and use of all policy tools to support strong, sustainable, balanced and inclusive growth that generates widespread prosperity’.⁸ The G6 countries endorsed the Charlevoix Commitment on Equality and Economic Growth to eradicate poverty, advance gender equality, foster income equality, ensure better access to financial resources and create decent work and quality of life for all.⁹

Extending support to deliver fair, progressive, effective and efficient tax systems, the G6 leaders agreed to sustained efforts to fight tax evasion and avoidance by promoting the global implementation of international standards and addressing Base Erosion and Profit Shifting (BEPS). In this direction, the leaders welcomed the Organisation for Economic Cooperation and Development (OECD) interim report released in March 2018 which analysed the impact of digitalisation of the economy on the international tax system, and committed to work together to

seek a consensus based solution by 2020.¹⁰ The Interim Report provides an in-depth analysis of the challenges of the digitalisation of the economy, particularly the BEPS, and the need for a consensus-based solution to overcome such challenges. By taking stock of country-level progress made in the implementation of the BEPS package, the report identified interim measures to address the tax challenges arising from digitalisation.¹¹

Technological Innovation and Job Creation

In wake of technological advancement, the leaders resolved to ensure that all workers have access to the skills and education necessary to prepare and adapt to the changing needs in the nature of work brought about by innovation and emerging technologies. In this direction, the leaders agreed to expand market-driven training and education, particularly for girls and women in the science, technology, engineering and mathematics (STEM) fields, to remove barriers to women's leadership and equal opportunity to participate in all aspects of the labour market, including by eliminating violence, discrimination and harassment within and beyond the workplace, making social protection more effective and efficient and creating quality work environments for workers, including those in non-standard forms of work, and expanding communication and collaboration between governments and businesses, social partners, educational institutions and other relevant stakeholders.

Recognising that a human-centric approach to Artificial Intelligence (AI) has the potential to introduce new sources of economic growth, the leaders endorsed the Charlevoix Common Vision for the Future of Artificial Intelligence.¹² In order to realise benefits from AI, the leaders committed to promote investment in research and development in AI; encourage industry to invest in developing and deploying AI that supports economic growth and women's economic empowerment; support lifelong learning, education, training and reskilling, and exchange information on workforce development for AI skills; facilitate multi-stakeholder dialogue on how to advance AI innovation; promote the use of AI applications by companies and labour market policies; encourage investment in AI technology and innovation and; support an open and fair market environment including the free flow of information, while respecting applicable frameworks for privacy and data protection for AI innovation.¹³

Meeting the Development Agenda

Recognising that public finance, including official development assistance and domestic resource mobilisation, is necessary to work towards the achievement of the Sustainable Development Goals of the 2030 Agenda, the leaders endorsed the Charlevoix Commitment on Innovative Financing for Development to promote economic growth in developing economies and foster greater equality of opportunity within and between countries.¹⁴ The document provided for leadership to support innovative financing for international development and reinforce gender equality and women's economic empowerment.¹⁵

Advancing Gender Equality and Women's Empowerment, the leaders committed themselves to the Charlevoix Declaration on Quality Education for Girls, Adolescent Girls and Women in Developing Countries as well as the Charlevoix Commitment to End Sexual and

Gender-Based Violence, Abuse and Harassment in Digital Contexts.¹⁶ Through the Declaration on Quality Education, the leaders demonstrated their commitment to close the gap in access to education during conflict and crisis, and for refugees and the internally displaced; support innovative education delivery; improve coordination between humanitarian assistance and development cooperation; improve sex and age disaggregated data and accountability; increase opportunities for at least 12 years of safe and quality education for all; to dismantle the barriers to girls' and women's quality education; and remove barriers to gender equality and to quality primary and secondary education.¹⁷

By strengthening the Charlevoix Commitment to End Sexual and Gender-Based Violence, the leaders resolved to prevent and counter sexual and gender-based abuse, harassment and the threat of violence in digital contexts.¹⁸

According high priority for security, stability, and sustainable development of Africa, the leaders reiterated their support for African-led initiatives, including at a regional level, and to work in partnership with the African continent by supporting the African Union Agenda 2063 in order to realise Africa's potential and better manage crisis and conflicts.¹⁹

Terrorism and other security-related matters

Similar to the Taormina Summit, the leaders discussed terrorism and other security-related matters to build a more peaceful and secure world. Given the complex and evolving nature of global security threats, the leaders committed to work together to counter terrorism, to address the use of the internet for terrorist purposes, including as a tool for recruitment, training, propaganda and financing, and collaborate with partners such as the Global Internet Forum to Counter Terrorism. In this direction, the leaders welcomed the outcome of the international conference on the fight against terrorist financing, held in Paris April 25-26, 2018. The G6 leaders also strongly condemned the 'murderous brutality of *Daesh* and its oppression of civilian populations under its control' and 'repeated and morally reprehensible use of chemical weapons by the Syrian regime and by *Daesh*'²⁰

There was also broad agreement on other security issues among the G6 leaders, including non-proliferation and disarmament, sanctions on Russia over the Crimean and Ukrainian issues, situation in the East and South China Seas, and Rohingya crisis. On non-proliferation and disarmament, the Charlevoix Communiqué underlined the North Korean and the Iranian situation in two separate paragraphs.

On North Korea, the leaders acknowledged 'the recent developments, including North Korea's announcement of a moratorium on nuclear testing' and 'ballistic missile launches, a commitment to denuclearisation made in the April 27 Panmunjom Declaration' as well as 'the apparent closure of the Punggye-ri nuclear test site on May 24' and reiterated on full denuclearisation by "completely, verifiably and irreversibly' dismantling all of its weapons of mass destruction (WMD) and ballistic missiles as well as its related programs and facilities. As far as Iran is concerned, the G6 leaders urged Iran to refrain from launching ballistic missiles and all

other activities inconsistent with UNSCR 2231 along with all annexes, and that could destabilise the region, and cease proliferation of missile technology. They also committed to ‘permanently ensuring that Iran’s nuclear program remains peaceful, in line with its international obligations and commitments’.²¹ Noteworthy, President Trump announced the withdrawal from the Iranian Nuclear Deal, called the Joint Comprehensive Plan of Action (JCPOA) in May 2018, creating consternation among its allies in Europe, including Germany, France, the UK, and Canada.²²

On the Crimean and Ukrainian issues, the leaders reiterated their earlier positions condemning ‘the illegal annexation of Crimea’ and reaffirmed their ‘enduring support for Ukrainian sovereignty, independence and territorial integrity within its internationally-recognised borders’. They further reaffirmed that the continuation of sanctions on Russia would depend on its complete implementation of the Minsk Agreement and respect for Ukraine’s sovereignty. Recognising the efforts within the Normandy Format and of the Organisation for Security and Cooperation in Europe for a solution to the conflict in Eastern Ukraine, the leaders pledged ‘to take further restrictive measures in order to increase costs on Russia’ depending on its course of actions.²³ Noteworthy, President Trump urged the readmission of Russia into G7 ahead of summit, suggesting a clear rift with the other G6 countries. Russia has been suspended from the summit for four years, for its intervention in eastern Ukraine and its annexation of Crimea.²⁴

On the situation in the East and South China Seas, the leaders reiterated strong opposition to ‘any unilateral actions that could escalate tensions and undermine regional stability and the international rules-based order’ and urged ‘all parties to pursue demilitarisation of disputed features’. On the Rohingya issue, the G6 leaders welcomed the recent commitments made by Myanmar and further pledged to coordinate efforts ‘to build lasting peace and support democratic transition in Myanmar, particularly in the context of the ongoing Rohingya crisis, to allow safe and unhindered humanitarian access and the safe, voluntary and dignified return of refugees and displaced people’.²⁵

Climate Change and other environment-related issues

Interestingly, and despite the fact that US refused to endorse the Joint Communiqué, there were two separate paragraphs highlighting the commitments of the G6 (Canada, Germany, Italy, United Kingdom, European Union and Japan) and United States on climate change, reflective of their convergent and divergent stand. It is also worth mentioning that US withdrew from the Paris Climate Accord on June 1, 2017, which became a major point of difference in the Taormina Summit last year.²⁶

In terms of commitment to the Paris Agreement, on one hand, the G6 leaders reaffirmed their strong commitment to implement the Agreement through ambitious climate action. These include emission reduction along with stimulating innovation, enhancing adaptive capacity, strengthening and financing resilience and reducing vulnerability; as well as ensuring a just transition, including increasing efforts to mobilise climate finance from a wide variety of sources. They also agreed to promote the fight against climate change ‘through collaborative partnerships’ and ‘work with all relevant partners, in particular all levels of government; local, indigenous,

remote coastal and small island communities; as well as with the private sector, international organisations and civil society to identify and assess policy gaps, needs and best practices'.²⁷

On the other hand, and without any reference to the Paris Agreement, the US reaffirmed 'to promote energy security and economic growth in a manner that improves the health of the world's oceans and environment, while increasing public-private investments in energy infrastructure and technology that advances the ability of countries to produce, transport, and use all available energy sources based on each country's national circumstances'. Recognising the importance of energy security in the Nationally Determined Contributions, US also affirmed it would strive to work closely with other countries to help provide access to fossil fuels and make its usage more clean and efficient and help harness renewable and other clean energy sources.²⁸

With a view to protect the health of marine environments and ensure a sustainable use of marine resources, the G6 leaders endorsed the Charlevoix Blueprint for Healthy Oceans, Seas and Resilient Coastal Communities and the Ocean Plastics Charter. The Blueprint and the Charter underlined the need to work towards a resilient coasts and coastal communities; increase the availability and sharing of ocean knowledge through science and data; sustainable oceans and fisheries; and resource efficient and sustainable management of ocean plastics and marine litter.²⁹

Nonetheless, and paradoxically, the joint communiqué underlined that all G7 countries, including the US, agreed on the key role of energy transitions in development and discussed the importance of market based clean energy technologies, carbon pricing, technology collaboration and innovation for sustained economic growth and protection of the environment to achieve sustainable, resilient and low-carbon energy systems. Similarly, the G7, including the US, underscored the importance of sustained efforts to reduce air and water pollution.³⁰

However, given the fact that US has not endorsed the Charlevoix Communiqué, it is hard to envisage cooperation between the G6 and the US on the implementation of climate commitments.

Conclusion

Putting in comparative perspective, longstanding issues such as global governance, trade, climate change and terrorism were included in the Charlevoix Communiqué. Nonetheless, the 2018 G7 Summit can be seen as missed opportunity to reconcile differences between US President Trump and other leaders of G7. Tensions were already high before the two-day summit on issues including trade, climate change, Iranian Nuclear Deal, and on Russian readmission to G7. Moreover, the developments following the Summit, particularly US announcement not to endorse the Joint Communiqué, points more towards irreconcilable differences in the grouping. However, what is positive about the Summit is the display of act of unison by the six members of G7 to uphold the global order without the US. With no signs of reconciliation between the US and other six members of the group till date, it is to be seen whether the G6 leaders would be able to maintain a sustained and concerted stand to address the wide spectrum of global issues, particularly on trade, climate change, Iranian Nuclear deal and Russian sanctions *sans* the US.

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Disclaimer: The views expressed are that of the Researcher and not of the Council.

Endnotes

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