



## The Forty-third G7 Summit: A Review

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The leaders of the G7 countries gathered in Taormina, Italy for the 43<sup>rd</sup> G7 Summit held on May 26-27, 2017. During the two-day meeting, the leaders of G7 countries discussed a wide range of issues, both economic and political in nature, posing serious global challenges. The summit was important in two aspects: First, the Summit took place in the wake of policy changes under the Trump administration on issues emerging from his 'America First' policy, and the differences with his EU counterparts on trade, migration and climate change. Second, four leaders of UK, France, Italy and the US made their first G7 appearance, joining the other members of the group - Germany, Canada, and Japan.<sup>1</sup>

At the end of summit, the leaders of the G7 countries adopted the Taormina Leaders' Communiqué underlining their commitments on a number of issues discussed in the meeting. While there was varying degree of agreement on issues ranging from terrorism, security, trade and development, there were visible divisions between the United States and the rest of the G7 countries on climate change. Noteworthy, the Summit began in a highly charged atmosphere with the US President Donald Trump accusing Germany of trade surplus and contributing less to NATO.<sup>2</sup>

### **Recovery of the Global Economy**

In the area of global economy, there was largely reiteration of earlier commitments, particularly to continue with the three-pronged approach – reinforcing fiscal, monetary and structural policies – to facilitate global recovery in terms of growth. Following are the commitments on global economy:

- The G7 leaders reaffirmed their commitment to 'use all policy tools – monetary, fiscal and structural –individually and collectively to achieve strong, sustainable, balanced and inclusive growth'. In this direction, the G7 leaders agreed to support economic activity and ensure price stability, consistent with the mandate of the central bank as part of their monetary policy.

- They also affirmed to strengthen growth and job creation through a flexible fiscal policy and at the same time enhance inclusiveness and ensure a sustainable path for debt as a share of GDP.
- They also committed to improving quality of public finances through high-quality investments, advancing structural reforms to boost productivity, and support the existing exchange rate commitments agreed in Bari between the Finance Ministers and the Central Bank Governors.<sup>3</sup>

### **Free Trade versus Protectionism**

On global trade, the commitment of the G7 leaders, particularly US President Donald Trump, to fight protectionism can be seen as being significant. Protectionism was considered one of the major concerns of the G7 Summit, particularly after the US administration blocked the inclusion of a free trade pledge in the G20 Finance Minister Meeting in March 2017.<sup>4</sup>

The leaders agreed to ‘free, fair and mutually beneficial investments, and reciprocal benefits’ as key engines for growth and job creation. The G7 leaders pledged to fight protectionism, reiterating ‘a commitment to keep markets open,’ regardless of Trump administration’s ‘America first’ policy and persistent criticism of Germany for its huge trade surplus. Recognizing the importance of rule-based trading system, the leaders agreed to work towards improving the functioning of the World Trade Organization (WTO) and ensure full, transparent, effective and timely enforcement of all WTO rules by all its members. However, the joint communiqué also recognized that ‘trade has not always worked to the benefit of everyone’.<sup>5</sup>

Despite such commitments, the language of the communiqué on trade appeared to have been carefully worded to reconcile with President Trump’s long-stated position on protecting the US economy from negative trade balances. For instance, the communiqué, unlike the previous declaration, did not mention commitment towards trade-liberalization through regional trade agreements. More so, the communiqué allowed governments and other related institutions to adopt appropriate policies to remove trade-distorting practices, including dumping, discriminatory non-tariff barriers, subsidies and other such support to create a level playing field, as well as ‘promotion of internationally recognized social, labour, safety, tax cooperation and environmental standards throughout the global economy and its supply chains’.<sup>6</sup> Noteworthy in this context is that President Trump has withdrawn from the Trans-Pacific Partnership (TPP) in January 2017<sup>7</sup>, and has notified the Congress of its intent to re-negotiate the North-American Free Trade Agreement (NAFTA) in May 2017 on such grounds.<sup>8</sup>

### **Terrorism and other security-related matters**

In the wake of the growing menace of terrorism, particularly the Manchester suicide bombing on May 22, 2017, the G7 leaders pledged to step up efforts to defeat international terrorism. Noting the progress in countering ISIL/ISIS/Da’esh in Syria, Iraq and Libya, the G7 leaders committed to continue efforts at complete liberation of territories held by such terrorist groups.<sup>9</sup>

Recognizing that technology has become a potent tool for terrorists' activities the G7 leaders called on the Communication Service providers and social media to increase efforts to address extremist content. To this effect, the leaders encouraged the industry to act urgently in developing and sharing new technology for automatic detection of terrorist as well as extremist content. In a Joint Statement on the Fight against Terrorism and Violent Extremism, the leaders agreed to take action to 'cut off sources and channels of terrorists financing as well as financing of violent extremism'. They also emphasised the need for 'improving information sharing between the G7 financial intelligence units and better cooperation between other competent authority and private sector.'<sup>10</sup> It is worth mentioning here that the UK imposed a temporary ban on intelligence sharing with the US immediately after the Manchester terror incident. The reason for the ban was leakage of information in the US media regarding the terror incident, which included images showing parts of the explosive device and jacket worn by the suicide bomber as well as the identity of the assailant. <sup>11</sup>

There was also broad agreement on other security issues among the G7 leaders, including non-proliferation and disarmament, sanctions on Russia over the Ukrainian crisis and migration. On non-proliferation and disarmament, the G7 leaders recognized North Korea as the top source of threats to international peace and stability and condemned its nuclear tests and ballistic missile launches. On the Ukrainian crisis, the leaders reiterated their earlier positions condemning the 'illegal annexation of the Crimean peninsula', and reaffirmed their policy of non-recognition of annexation and support for independence, territorial integrity and sovereignty of Ukraine. They further agreed that the duration of sanctions on Russia would depend on its implementation of the Minsk Agreement.<sup>12</sup>

### **Migration and Development - Africa**

Africa remained at the centre-stage of discussion on migration and development in the Summit. In this regard, Italy, the host nation, called for massive investment in the continent to stem the flow of migrants from the continent to Europe. Leaders from Tunisia, Kenya, Ethiopia, Niger and Nigeria attended the summit.<sup>13</sup> However, the G7 leaders lacked the resolve to make any serious commitment on these issues. On migration, the communiqué, unlike the earlier one, made only token references to 'support and protect refugees and migrants'. Interestingly, the communiqué saw new addition in the form of affirmation by the leaders to ensure 'sovereign rights of the states, individually and collectively, to control their own borders and to establish policies in their own national interest and security'.<sup>14</sup> This could be a reflection of the concerns raised by the G7 member countries, including the UK, the US and Germany, to manage migration and refugee flows by tightening its immigration policies.<sup>15</sup>

The only commitment on Africa was the reaffirmation by the G7 leaders to strengthen cooperation and dialogue with African countries and regional organizations, including the African Union, towards realization of the Sustainable Development Goals 2030 and the Africa Union Agenda 2063. In promoting the cause of development, the leaders agreed on collective support for food security, nutrition and sustainable agriculture in Sub-Saharan Africa through increasing Official Development Assistance.<sup>16</sup>

## Climate Change

Climate change remained the main bone of contention among the G7 leaders, with President Trump sticking to his election campaign promise to reconsider the Paris Climate Accord. The joint statement released at the end of the Summit made clear that six of the seven G7 nations, except the US, agreed to remain committed to the 2015 climate pact aimed at addressing global warming. Despite the six leaders of the G7 being hopeful, President Trump said he needed more time to decide if the US would abandon the accord. The ostensible reason provided by his administration was that US emissions standards were tougher than those set by China, India and others, and therefore have put American businesses at a disadvantage.<sup>17</sup> The announcement of Trump's administration to withdraw from the climate pact on June 1, 2017, seems to have further widened the differences.<sup>18</sup>

## Conclusion

The Summit was a major test for consensus-building on account of the differences between US President Trump and other leaders of G7 over his positions on trade, migration and climate change. Though the final declaration did clear some of Trump's positions that have confounded other G7 leaders; yet, the Summit far from being termed a success, achieved very little. Moreover, the developments following the Summit point more towards a widening of internal differences. The announcement by President Trump to withdraw from the Paris Climate Accord as well as German Chancellor, Angela Merkel, calling on the EU nations to 'take our destiny into our own hands'<sup>19</sup> further reflects that the G7 countries stand more divided on important global issues instead of coming 'closer' to address them. At this moment what seems clear is that the six G7 leaders, minus the US, stands united on the issue of climate change as is evident from the disappointment expressed by these members over Trump's decision to withdraw from the climate pact.

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

## Endnotes

<sup>1</sup>The 43rd G7 summit was the first summit for British Prime Minister Theresa May, French President Emmanuel Macron, Italian Prime Minister Paolo Gentiloni, and U.S. President Donald Trump.

<sup>2</sup> Even after the summit, President Trump wrote on twitter, "*We have a MASSIVE trade deficit with Germany, plus they pay FAR LESS than they should on NATO & military. Very bad for U.S. This will change*", <https://twitter.com/realDonaldTrump/status/869503804307275776> (accessed on June 2, 2017)

<sup>3</sup>"G7 Taormina Leaders' Communique",

[http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>4</sup> "G20 financial leaders acquiesce to US, drop free trade pledge", CNB, March 18, 2017.

<http://www.cnbc.com/2017/03/18/g-20-financial-leaders-fail-to-reaffirm-free-trade-commitment.html> (accessed on March 20, 2017)

<sup>5</sup> "G7 Taormina Leaders' Communique",

[http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>6</sup> "G7 Taormina Leaders' Communique",

[http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf)

(accessed on May 29, 2017); <http://www.independent.ie/world-news/eu-countries-must-fight-for-their-future-says-angela-merkel-after-g7-summit-35764373.html>

<sup>7</sup> Peter Baker, Trump Abandons Trans-Pacific Partnership, Obama's Signature Trade Deal, *The New York Times*, 23 January 2017.

[https://www.nytimes.com/2017/01/23/us/politics/tpp-trump-trade-nafta.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=a-lede-package-region&region=top-news&WT.nav=top-news&\\_r=0](https://www.nytimes.com/2017/01/23/us/politics/tpp-trump-trade-nafta.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=a-lede-package-region&region=top-news&WT.nav=top-news&_r=0) (accessed on January 25, 2017)

<sup>8</sup> Julie Hirschfeld Davis, "Trump Sends Nafta Renegotiation Notice to Congress" *The New York Times*, May 18, 2017. [https://www.nytimes.com/2017/05/18/us/politics/nafta-renegotiation-trump.html?mcubz=1&\\_r=0](https://www.nytimes.com/2017/05/18/us/politics/nafta-renegotiation-trump.html?mcubz=1&_r=0) (accessed on May 18, 2017)

<sup>9</sup> "G7 Toarmina Leaders' Communique", [http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>10</sup> 'Joint Statement on the Fight against Terrorism and Violent Extremism', <http://www.consilium.europa.eu/en/press/press-releases/2017/05/26-statement-fight-against-terrorism/> (accessed on May 30, 2017)

<sup>11</sup> Karen Gilchrist, "Furious' UK reportedly stops sharing intelligence with US following Manchester attack leak", *CNBC News*, May 25, 2017. <http://www.cnbc.com/2017/05/25/uk-stops-sharing-intelligence-with-us-following-manchester-attack.html> (accessed on May 25, 2017)

<sup>12</sup> See, "G7 Toarmina Leaders' Communique", [http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>13</sup> "Trump foreign tour: G7 leaders turn attention to Africa", *BBC News*, May 27, 2017, <http://www.bbc.com/news/world-europe-40068131> (accessed on May 29, 2017)

<sup>14</sup> See, "G7 Toarmina Leaders' Communique", [http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>15</sup> In the most recent development, Prime Minister of the United Kingdom, Theresa May, on May 8 2017, pledged to bring migration figures below 100,000. Prior to this, she initiated a 'Migration Fund' of £140 million and tightening of student visas and announced changes to its visa approval policy for non-European Union citizens in October and November, 2016 respectively. For details see, "Theresa May vows to cut migration figures to tens of thousands", *The Economic Times*, May 8, 2017, <http://economictimes.indiatimes.com/nri/visa-and-immigration/theresa-may-vows-to-cut-migration-figures-to-tens-of-thousands/articleshow/58578812.cms> (accessed on May 31, 2017); The Government of the United Kingdom, "Changes to the Immigration Rules", 3 November 2016.

<https://www.gov.uk/government/news/changes-to-the-immigration-rules> (accessed on 3 November 2016); Alan Travis and Sally Weale, "Amber Rudd announces crackdown on overseas students and work visas", *The Guardian*, 4 October 2016 <https://www.theguardian.com/uk-news/2016/oct/04/rudd-announces-crackdown-on-overseas-students-and-new-work-visas> (accessed on 4 October 2016).

Similarly, the US President issued an executive order in January 2017 for immigration enforcement, which again found mention in the budget blueprint For details, see White House, "Executive Order: Border Security and Immigration Enforcement Improvements, January 25, 2017, <https://www.whitehouse.gov/the-press-office/2017/01/25/executive-order-border-security-and-immigration-enforcement-improvements> (accessed on May 30, 2017) and "America First A Budget Blueprint to Make America Great Again", [https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018\\_blueprint.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf) (accessed on June 1, 2017)

<sup>16</sup> "G7 Toarmina Leaders' Communique", [http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique\\_27052017.pdf](http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders%27%20Communique_27052017.pdf) (accessed on May 29, 2017)

<sup>17</sup> "EU countries must fight for their future, says Angela Merkel after G7 summit", May 28, 2017, <http://www.independent.ie/world-news/eu-countries-must-fight-for-their-future-says-angela-merkel-after-g7-summit-35764373.html> (accessed on June 21, 2017); Varghese K. George, "Trump pulls US out of Paris climate pact, hits out at China, India", *The Indian Express*, June 2, 2017. <http://www.thehindu.com/news/international/us-will-withdraw-from-paris-climate-deal-says-president-donald-trump/article18702249.ece> (accessed on June 3, 2017)

<sup>18</sup> See, Michael D. Shear, "Trump Will Withdraw U.S. From Paris Climate Agreement", *The New York Times*, June 1, 2017, [https://www.nytimes.com/2017/06/01/climate/trump-paris-climate-agreement.html?\\_r=0](https://www.nytimes.com/2017/06/01/climate/trump-paris-climate-agreement.html?_r=0) (accessed on June 1, 2017)

<sup>19</sup> "EU countries must fight for their future, says Angela Merkel after G7 summit", May 28, 2017, <http://www.independent.ie/world-news/eu-countries-must-fight-for-their-future-says-angela-merkel-after-g7-summit-35764373.html> (accessed on June 21, 2017)