

G7 Summit: A Necessary Evil

By Gazi Hassan,

What is the significance of the G7 summit in the context of deepening economic and environmental crises across the globe? The forum of G7, the IMF-designated group of world's seven advanced economies – the USA, the UK, France, Germany, Canada, Japan and Italy – having a combined GDP of 46 per cent of the global GDP, meets every year to discuss and frame economic policies. The group was previously called G8 with Russia being part of the grouping. Russian role in the invasion of Crimea and destabilisation of Ukraine in 2014 led to its expulsion from the grouping. This year's Summit was held in the Southern city of France, Biarritz. The Summit dealt with a wide range of global issues spanning from the Amazon rainforest fires, trade wars, Iran crisis, climate change, digitalisation to women empowerment. The shift from economic policy to addressing global issues shows that the grouping is failing to cope with the internal differences on core economic issues. Thus, the yearly meet has become somewhat a necessary evil.

Cooperation among G7 and the non-G7 countries is very important for confronting global challenges like terrorism, nuclear proliferation and climate change. But a closer look at the G7 countries reveals that the discontent over various issues is pushing them back and the group will not be able to move forward without more collaboration.

Climate change is a pertinent issue that needs to be looked upon. US President Donald Trump left the Paris Climate Treaty calling climate change a farce, making it hard for the rest of the G7 countries and the developing countries to reaffirm their commitment for the effective implementation of the agreement. JCPOA (Iran nuclear deal) is another issue where the US has pulled out making it tough for the rest of the P-5 members to uphold the treaty. The growing tensions between the US and Iran in recent months have added fire to the fuel. On trade front, issues between the UK and the EU over the proposed Brexit deal, US-China trade war and Japan-South Korea trade war are having a deep impact on the global economy.

The world is witnessing a chain of unprecedented events like Amazon fires, climate change, trade wars, inter-state conflicts and so on. Almost every developed state in the Western hemisphere is going through one or the other crises that has pulled them from the position they had held in the past decades. In the era of globalisation and

interdependence, crisis in one part of the world will have spillover effects over the entire international system.

Contend with China's growing trade deficit, the US is slapping new sanctions almost every week on Chinese products and China is reciprocating in kind. This has been going on for a while and is showing no signs of moving forward in the right direction. This has a major impact on the global economy and the developing economies are facing the burnt. The UK on the other hand is struggling with the promise it has made to its citizenry over its scheduled withdrawal from the EU – the Brexit. The crisis has gone to an extent that witnessed resignations of two sitting Prime Ministers. Now, with Prime Minister Boris Johnson at the helm of the affairs, the future of the UK looks bleak. Also, countries like France, Germany are dealing with economic unrests and leadership crisis, respectively, in their own countries. The Japan-South Korean trade and diplomatic dispute is showing no signs of reaching a possible solution. Japan's decision of holding back the three chemicals which are crucial for South Korean semi-conductor industry will not only impact the electronics market of the world, but the rise in tension in their relationship will also have an impact on the security of the Korean Peninsula in the midst of growing nuclear capabilities of North Korea. Italy, part of G7, is also going through a leadership crisis with Prime Minister Guiseppe Conte's resignation and subsequent return to power pushing the country into political and financial instability.

Although G7 comprises the largest democracies and (hitherto) leading economies, even after 18 long years, it does not seem to serve any higher purpose other than just keeping itself alive. The countries like India, Brazil, Australia and South Africa, which are also democracies doing well on various economic fronts compared to countries like Canada, Italy and most of the western countries, should not be sidelined. China is expected to overtake the entire Eurozone with its current rate of growth and by adding every two years the size of economy of Italy to its own. Since 2010, the US and China have contributed about 85 per cent to the world's GDP, with China alone contributing 50 per cent. Additionally, the GDP of countries like India, Brazil and South Africa is also not far behind. Keeping with this perspective, China, India, Australia and others should be included in the global governance forums.

With the existence of a grouping like G20, which is more inclusive and representing most of the countries performing well on many economic indicators, the relevance of G7 is in question. The G20, that includes all the countries of G7 and serves the purpose for the

world's leading economies, represents much better governance forum of leading economies to address the issues of climate change, terrorism, nuclear proliferation and trade-related issues. Therefore, G7 has to take positive steps towards a consensus-based relationship among its members in order to keep it more relevant in the present scenario.

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