



## Think Tank 7 Summit The T7 Recommendations<sup>1</sup>

**The three topics which structured the discussion, i.e. international trade, development and global governance, were selected in relation to the issue of inequalities**, which has been chosen as the main theme for the G7. Reducing inequalities is a shared political goal but there are differences among T7 members on the way to achieve it, given various economic and administrative cultures. Concerning the field of development, despite some undisputable successes, the future is blurred by the high level of indebtedness of many recipients. Global governance is not only being criticized for its current lack of effectiveness, but also called into question in general. Furthermore, democracies have been put on the defensive and face difficulties ensuring protection against information manipulation and external interference in electoral processes. The international trade system is in crisis and **there is a need for G7 countries to recommit to a rules-based multilateral trading system and to strengthen the WTO for everyone's welfare.**

The subject of China was addressed several times throughout the discussions. Although not all the participants saw China as “a geopolitical rival”, **there is a consensus among T7 members that it is at least “an unfair trade partner” as well as “a one party state”**. It was not possible for T7 members to ignore the strategic competition between the US and China and the impact of the deteriorating relationship on the different topics discussed. On top of it, lasting differences between the US and other G7 members on core issues regarding the liberal international order, might affect the capacity to reach consensus.

The participation of African representatives brought an important input to the discussion and opened interesting perspectives of cooperation with the G7. African representatives called for the G7 to exert **more leadership in its relation to Africa** and presented the **development of the continent as a common good**. Considering the growing influence of China, they urged G7 countries to be more active in Africa. There is a need to accelerate the development of the African continent, which **constitutes a natural field of expansion for the G7** as well as **an opportunity to reinvent itself**.

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<sup>1</sup> *The Think Tank 7 Summit brought together representatives from academia and Think Tanks from G7 member states, as well as from African countries (Ghana, Kenya, and Morocco). This format also provided a unique platform for exchange with policy planners from G7 countries. The meeting took place on June 5, 2019 in Paris, at the invitation of the French Institute of International Relations (Ifri), in partnership with the Policy Planning Staff of the French Ministry for Europe and Foreign Affairs, and four other French Think Tanks (CEPII, FERDI, IDDRI, ECFR Paris Office). The discussion was conducted under the Chatham House rules.*

**T7 is highly concerned by the erosion of international cooperation on all these aspects** through the hardening of economic competition, the emergence of geopolitical tensions in some regions of the world, and **the growing inequalities** between, as well as within countries. T7 does consider that **G7 is at a turning point and shall have a particular responsibility to act** in order to prevent the unraveling of core principles which have contributed to the prosperity, stability and democratic consolidation of its nations and considering the emergence of alternative systems.

### **Recommendations submitted to G7 Sherpas**

#### **International trade**

The overall purpose of the G7 is to **find ways to adapt the system to new realities and henceforth contribute to a greater acceptance and a better resilience of the international trading system**, which faces major challenges such as the coexistence of free market economies with state-run economies; divergences regarding advantages brought by the rules-based system compared to a more mercantilist approach based on outcomes and bilateral agreements; the need to protect companies against state interventions, forced technology transfers and flawed protection of intellectual property.

*G7 shall examine the effects of the current situation on technology:*

**It is indeed difficult to elude the US-Chinese competition and its overall effects on trade related issues. This is particularly true with regard to technology.** In the US, the debate on technology is driven by security considerations – **with economic competitive position considered to belong to national security determinants**. Technology is at the same time a key determinant for future competitiveness and military supremacy. This consideration makes it more difficult to **disentangle legitimate trade practices from security-related issues**.

*G7 should support WTO reform, stressing the following points:*

- **With regard to WTO's overall regulatory approach**, there is a need for a more balanced approach based on the following objectives: searching for balance between rights and obligations; avoiding being over-prescriptive, and trying to operationalize the concepts. The stalemate in the WTO is partly due to a combination of loose concepts and strict rules and regulations.
  - **On forced technology transfers**, the recommendation is to suggest rules that would improve overall market access conditions for foreign investors, as well as to address distortive and discriminatory practices. The latter include in particular, performance requirements such as the sourcing or production of goods and services locally.
- **On state-controlled economies**, rather than focus exclusively on subsidies, it would be more appropriate to talk about state support, a concept which goes beyond industrial subsidies, and takes into account the distorting effects of state intervention on competition.
- **On the distinction between developing and developed economies**, developing countries should be allowed the assistance and flexibilities they need to meet their development goals. Hence, a more flexible approach which takes into account the wide variety of development levels and competitive capacities, in particular those of the Least Developed Countries (LDCs), would be of advantage.

## Development

**The international development agenda relies today on a very legitimate political basis**, which was agreed in 2015: Agenda 2030 and the Sustainable Development Goals (SDGs), and the Addis Ababa Action Agenda on financing sustainable development. But even though this basis is politically sound, **we are facing two major issues which require urgent action:**

- **We are not on track for reaching SDGs in 2030**, even on goals that seemed reachable before 2015 such as poverty reduction, food and nutrition security, or on essential issues like access to sanitation. Acceleration in implementation is thus critically necessary. The SDG approach is also a call for a renewed approach, moving to a new form of partnership in a pluralist world.

- **The landscape of the major players appears very fragmented:** while the UK was a champion of Millennium Development Goals implementation between 2000 and 2015, no country or region today has taken a position of leadership, which appears all the more necessary because of the multiplicity of players in financing development (private and public, in particular).

*G7 should improve the coordination of their development policies by focusing on the following points:*

- **A central recommendation: reaffirming a G7 ambition for international cooperation in the domain of sustainable development, particularly in support of African initiatives.**

- **Inequalities between countries:** G7 countries should recognize that addressing structural vulnerabilities has the potential to equalize opportunities across countries and prevent vulnerable countries from falling (back) into a poverty trap or conflicts. **G7 could commit to increase the amount of official development aid (ODA) allocated according to the structural vulnerabilities of countries** (economic, climatic, social). This recommendation is particularly important ahead of critical meetings concerning the replenishment of multilateral development funds.

- **Within country inequalities: convergence of visions and coordination of strategies.** G7 members should focus their intervention on supporting countries' strategies to tackle the root causes of inequalities, building on evidence-based research, with a clear commitment to the reduction of structural inequality factors among social groups, and in particular gender inequality (SDG 5).

- **In situations where strong vulnerabilities are structural obstacles to development,** G7 countries should step up efforts to harmonize their procedures and coordinate their interventions, without excluding pluralism and differentiation. In this regard, the Sahel Alliance can be used as a case from which interesting lessons can be drawn.

- **Climate finance is critical to reduce climate change vulnerability and reach the objectives of the Paris Agreement.** G7 countries development institutions play a key role on pushing the climate finance agenda forward. G7 countries should commit to enable a more unified and transparent landscape of climate finance.

## **Global governance and defense of democracies**

In a context of global redistribution of power, G7 countries are not preserved from political and economic uncertainty. Increased questioning regarding the benefits of globalization, has generated a **need for a “global governance that protects”**.

*Defense of democracy is a multifaceted issue. G7 members should not just be on the defensive:*

- They should recommit to the core values of democracy and protection of human rights; look for innovative ways to cooperate with new actors; define a more proactive agenda towards third countries facing difficult transitions, in order to close gaps which could be used by non-democratic countries.

- **They should also promote a reflection on standards related to the notion of “high quality and fair democracy”**, by acting in 4 directions: (a) guaranteeing a free, contradictory, and sincere public debate in which everyone could participate; (b) fostering electoral integrity by allowing each citizen to freely express his or her views; (c) using the model of fully decentralized structures such as the Internet Corporation for Assigned Names and Numbers (ICANN); (d) countering manipulation of information.

*G7 should pursue its efforts related to the defense of democracies by designing an agenda addressing the following points:*

- **Focus on how G7 members can cooperate more effectively** by developing new methods of cooperation such as narrowing the focus of topics in order to be more result-oriented and sustain key priorities over the years; bringing more long term thinking into global governance; prioritizing institutional reforms in spite of their unlikelihood; adopting a cross cutting approach which would break with the traditional silos of global governance; systemizing more *ad hoc* and informal cooperation through the participation of non-state actors; and opening to public participation beyond its current outreach groups.

- **Address the weaponization of interdependence by some countries, especially through the extraterritorial impact of sanctions.** These instruments are nurturing a counterproductive fragmentation of the global economy and make it more difficult to defend interdependence to domestic constituencies. Moreover, the overreach and misuse of sanctions adopted without broad international support contribute to erode this powerful tool, by pushing other countries to challenge or ignore these measures.

- **Employ G7 as a platform for policy learning and improve the articulation with other stakeholders (UN, G20), especially emerging countries.**

In case that consensus cannot be reached between G7 members, T7 insists that the need for reform and action is too pressing to accept a deadlock. Members should consider partial agreements and unilateral initiatives.

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**T7 considers that it is its responsibility to remind G7 of some middle and long term challenges such as the ones linked to the implementation of the Paris agreement on climate change.**

**T7 considers also that it is its responsibility to exhort G7 to remain a driving force in the definition of multilateral rules and the preservation of its core values at a time when alternative models are emerging and the value of universal principles is being challenged.**

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**Think Tank 7 members (@T7France)**

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African Centre for Technology Studies (ACTS)  
Atlantic Council  
Bruegel  
Canon Institute for the Global Studies (CIGS)  
Center for Global Development – Europe (CGD)  
Centre for International Governance Innovation (CIGI)  
Council on Foreign Relations (CFR)  
European Centre for Development Policy Management (ECDPM)  
European Council on Foreign Relations (ECFR)  
Foundation for Studies and Research on International Development (FERDI)  
French Center for Research and Expertise on the World Economy (CEPII)  
French Institute of International Relations (Ifri)  
German Development Institute (DIE)  
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International Institute for Sustainable Development (IISD)  
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