

G7 Summit

July 4, 2022

Manifest Pedagogy:

Seven of the world's richest countries comprise the G7, which meets annually to "typically discuss global security, economic, and climate concerns. Germany hosted the 48th G7 summit in Germany. The leaders from the Group of Seven leading economies came together to discuss the food, energy and geopolitical crisis stimulated due to the Russian invasion of Ukraine. India also made its presence felt in the summit talking about affordable and clean energy.

In News: The 48th annual G7 summit was held in Schloss Elmau, Krün in Germany's Bavarian Alps from June 26 to June 28, 2022.

Placing it in Syllabus: International Relations

Static Dimensions:

- About Group of 7 (G7)
- History of G7

Current Dimensions:

- Highlights of the Summit
- What G7 Summit had in store for India?
- Impact on India

Content:

More on News-

- German Chancellor Olaf Scholz had invited **India**, along with **Argentina, Indonesia, Senegal, and South Africa** to the 2022 Summit as **partner countries**.
- Ukrainian President Volodymyr Zelenskyy took part virtually on June 27th.
- A number of international organizations, including the

United Nations, the World Health Organization (WHO), the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank, also participated in the Summit.

About Group of 7 (G7)-

- It is an intergovernmental organization that was formed in 1975.
- The G7 is an **informal forum of leading industrialized nations**, which include **Canada, France, Germany, Italy, Japan, the United Kingdom and the United States**.
- Representatives of the European Union are always present at the annual meeting of the heads of state and government of the G7.
- The G7 does not have a formal charter or a secretariat.
- The presidency, which rotates among member countries each year, is in charge of setting the agenda.
- Germany has the G7 presidency for the seventh time this year.
- **Japan will be president in 2023.**

Principles-

- The group regards itself as “a community of values”, with freedom and human rights, democracy, the rule of law, prosperity and sustainable development as its key principles.
- It prides itself as a group of nations that steadfastly promote liberal democracy and enjoy economic prosperity, which they seek to institutionalize through multilateral cooperation.
- It meets annually to discuss issues of common interest like international security, energy policy and global economic governance.

Global importance of G7-

- As of 2022, G7 countries make up **10% of the world's**

population, 31% of global GDP, and 21% of global carbon dioxide emissions,

- China and India, the two most populous countries with among the largest GDP figures in the world, are not part of the grouping.
- All the G7 countries and India are a part of **G20**.
- The US and Germany in particular are major export nations.

History of G7-

- It traces its origin to an informal meeting of the Finance Ministers of France, West Germany, the US, Great Britain and Japan (Group of Five) in the wake of the 1973 oil crisis.
- The participants exchanged ideas on the economic problems of the 1970s, the first oil crisis and the collapse of the system of fixed exchange rates (Bretton Woods) and agreed on international economic policy and initial measures to fight the global downturn.
- In 1976, Canada was added to the group, and the first G7 met in Puerto Rico.
- The first talks between the then European Community and the G7 took place in London in 1977, and since the Ottawa Summit of 1981, the European Community (now European Union) has been part of all working sessions.
- In the 1980s, the interest of the G7 expanded to include foreign and security policy issues.
- In 1998, the Group of Eight (G-8) was constituted as Russia became a member.
- It returned to being called G7 when Russia was expelled as a member in 2014 following the latter's annexation of the Crimea region of Ukraine.

Highlights of the 48th G-7 Summit-

- **Partnership for Global Infrastructure and Investment (PGII):**

- G7 announced the collective mobilization of **600 billion dollars by 2027** under Partnership for Global Infrastructure and Investment (PGII) to deliver “game-changing” and “transparent” infrastructure projects to developing and middle-income countries.
 - In the next five years, the **US will invest \$200 million via grants, financing and private sector investments** whereas the remaining amount will be invested by the six other G7 nations.
 - The PGII will have **four key priorities on infrastructure**: climate and energy security, digital connectivity, health and health security, and gender equality and equity.
 - The PGII “factsheet” released by the US White House also includes a specific plan for investment in an Agritech and Climate sustainability fund that would “invest in companies that increase food security and promote both climate resilience and climate adaptation in India, as well as improve the profitability and agricultural productivity of smallholder farms.”
 - According to the documents, the India fund would target \$65 million by September 2022, and a target capitalisation of \$130 million in 2023.
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- **LiFE Campaign:**
 - The Indian Prime Minister highlighted the Global Initiative for LiFE (Lifestyle for Environment) campaign.
 - The goal of this campaign is to encourage an eco-friendly lifestyle.
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- **Russia-Ukraine Crisis**
 - The leaders agreed on a **ban on imports of Russian gold** and to step up aid to countries hit with food

shortages by the blockade on Ukraine grain shipments through the Black Sea.

- The U.S. has already blocked Russian oil imports, which were small in any case.
- The EU has decided to impose a ban on the 90% of Russian oil that comes by sea, but that does not take effect until the end of the year.
- The G7 leaders re-emphasised their condemnation of Russia's illegal and unjustifiable war of aggression against Ukraine.
- G7 countries have pledged and provided EUR 28 billion in budget aid and are strongly committed to support Ukrainian reconstruction through an international reconstruction plan.
- **Communique-** The G7 leaders adopted a communique to jointly defend universal human rights and democratic values, the rules-based multilateral order and the resilience of democratic societies.
- **Climate club:**
 - Group also pledged to create a new climate club for nations that want to take more ambitious action to tackle global warming.
 - Countries that join the club agree on tougher measures to reduce greenhouse gas emissions with the aim of keeping global temperatures from rising more than 1.5 Celsius this century compared with pre-industrial times.
- **Food Security:** The G7 countries will also increase global food and nutrition security through the Global Alliance on Food Security.
- **Supply Chain Resilience-** The G7 leaders remain committed to coordinate on economic security, strengthen the resilience of supply chains while tackling rising costs of living for citizens.

What G7 Summit had in store for India-

- PM Modi asked the G7 nations to invest in India's clean energy sector as it is an emerging market. G7 countries can invest in research, innovation and manufacturing in this field.
- Reiterated India's **2070 net zero commitment** that he had made at the UN Climate Change Conference in Glasgow in 2021.
- As the Russia-Ukraine crisis has pushed the energy prices to a record high, the Indian Prime Minister addressed the need for equal energy distribution amongst the population of rich and poor nations.
- On the Russia-Ukraine war, the Prime Minister reiterated his stand that there must be an immediate end to the hostilities and a resolution should be reached by choosing the path of dialogue and diplomacy.
- **US International Development Finance Corporation (DFC)** will invest up to \$30 million in Omnivore Agritech and Climate Sustainability Fund 3, an impact venture capital, investing in enterprises focusing on agriculture, food security, climate and rural economy in India.
 - The Fund seeks to invest in companies that **increase food security and promote both climate resilience and climate adaptation** in India, as well as improve the profitability and agricultural productivity of smallholder farms.
- The G 7 decided to lend aid towards **energy transition** to India, Indonesia, Vietnam, and Senegal in the form of Just Energy Transition Partnerships

Impact on India-

- **Inflation and crude prices:**– Ban could lead to rising oil prices, further posing risk to India's rising inflation as India imports more than 80 percent of its oil requirement,
- **CAD**-Rising oil prices will also impact the current

account deficit.

- **India's diplomatic dilemma** as India's dependence on Russia for military supplies is 60 to 70 percent.
- **Impact on Indian exports**:- Russia is India's 25th largest trading partner with exports of \$2.5 billion and imports of \$6.9 billion.
- **Clean Energy**: Clean energy provides a variety of environmental and economic benefits, including a reduction in air pollution. A diverse clean energy supply also reduces the dependence on imported fuels. Renewable clean energy also has inherent cost savings, as there is no need to extract and transport fuels, such as with oil or coal, as the resources replenish themselves naturally.
- **International order**: The statement assumes significance amidst aggressive moves by China in the strategic Indo-Pacific region as well as Russia's invasion of Ukraine. In light of China's assertive military maneuvers in the area, India, the US, and numerous other superpowers have been discussing the necessity to ensure a free, open, and prosperous Indo-Pacific.

Way Forward

- Focus should be on to bring the Ukraine- Russia crisis to a stop at the earliest, to prevent further loss of human lives.
- Collective efforts with G 20 nations to solve some of the pressing issues in the world like hunger, poverty and malnutrition.
- They must take a lead in protecting the environment by transferring clean technologies and funds to developing nations.
- Shifting from fossil fuel based energies to clean energies as G7 countries are one of the top energy consumers.
- Countering the undue influence of China especially in

the south china sea to ensure free and open navigation in the ocean.

- Can take a lead in reforming global institutions like UN, WB, IMF to make it more democratic and pro poor.

Conclusion:

The G7 group wields extraordinary influence over the global economy. They must exercise this power responsibly to promote world peace, reverse the harmful effects of global warming and protect the interests of developing and least developed countries.

Mould Your Thoughts

1. In light of the recently held 48th G-7 Summit, discuss the key highlights of the summit and how the outcomes of the summit will impact India. (250 Words)

Approach to the answer-

- Brief about G7
- Key highlights of the summit
- How the outcomes of the summit will impact India
- Way Forward and Conclusion