



CANADIAN GLOBAL AFFAIRS INSTITUTE
INSTITUT CANADIEN DES AFFAIRES MONDIALES

A Primer to the G7 Summit in Charlevoix June 8-9, 2018

by Colin Robertson
June 2018

POLICY UPDATE

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On Friday and Saturday, June 8-9, the leaders of the major democratic nations will meet in their 44th summit to discuss global geopolitical and socioeconomic issues at Charlevoix's magnificent Manoir Richelieu. Each leader will have their own agenda. Prime Minister Justin Trudeau's challenge as chair is to bring his fellow leaders into as much consensus as possible given their disparate perspectives on diverse issues including gender, work, climate, energy, our oceans, protectionism, populism and extremism.

The summit, in the picturesque La Malbaie region, 150 kilometres northeast of Quebec City, takes place against an [erosion of trust](#) in our government institutions – international, national, regional and municipal, in once-mainstream political parties, in business, in the media and in our leadership generally.

There is also a growing beggar-thy-neighbourism among international trade and investment partners. For U.S. President Donald Trump, it is “America First ... Buy American and Hire American”. The recent application of 25 per cent tariffs on steel and 10 per cent tariffs on aluminum from Canadian and European producers will make Mr. Trump as popular as the proverbial skunk at the garden party.

The geopolitical challenges facing the leadership of the leading liberal democracies were discussed at a [May meeting](#) in Toronto of the G7 foreign and security ministers. They include denuclearization (or not) in North Korea and Iran and containing chemical, biological and nuclear proliferation. Collective action, including spending, on security and defence against both conventional and unconventional threats, including cyber, is likely to be discussed. The U.S., once the guardian and anchor of the liberal, rules-based international system, is no longer willing to carry the system and pick up the tab.

There are continuing conflicts in Syria, Iraq, Afghanistan, Yemen, Central Africa and Mali, and the threat of what are now described as “returning foreign terrorist fighters”. Russia continues to occupy parts of Ukraine and meddle in the democratic processes of others. In the South China Sea, China's armed forces occupy and exercise on newly created territory. The Israeli-Palestinian situation is worse. There is renewed famine in the Horn of Africa. There is organized crime trafficking in people, drugs, guns and weapons of mass destruction.

Venezuela is a failing state with over 5,000 fleeing daily to neighbouring nations. The United Nations High Commissioner for Refugees (UNHCR) estimates that nearly [20 people](#) are forcibly displaced every minute. An unprecedented 65.6 million people around the world have been forced from their homes. Among them are nearly 22.5 million refugees, over half of whom are under the age of 18. It strains the EU, divides its member nations and is a ready tweet for Trump. Canada has developed a [strategy](#) and is putting the spotlight on the plight of Myanmar's Rohingya.

On the economic front, the IMF [World Economic Outlook](#) (April 2018) continues to show [broad-based momentum](#) with the long-awaited cyclical recovery in investment and manufacturing.



Figure 1: Public Trust in Institutions: [2018 Edelman Trust Barometer](#)

There is continuing strong performance in the euro area and in Japan, China, the United States and Canada, all of which grew beyond expectations last year. The G7 economies – facing aging populations, [falling rates of labour force participation](#) and [low productivity growth](#) – will likely not regain the per capita growth rates they enjoyed before the global financial crisis.

In Europe, Brexit continues to pose uncertainties. Now there is Italy and questions about its continuing membership in the Eurozone. Joblessness, especially youth unemployment, besets southern Europe. Global debt levels – both private and public – are very high, threatening repayment problems as monetary policies normalize.

Protectionism and the prospect of trade restrictions and counter-restrictions threaten to undermine confidence and derail global growth prematurely. The Trump administration's trade policies will certainly be discussed: the tariffs just applied on steel and aluminium, the investigation into the auto industry, the tariffs on China and the ongoing NAFTA negotiations. The uncertainty is bad for growth and creates uncertainty and distrust amongst trade partners. The markets are reacting negatively and investment decisions are put on hold.

Who and What is the G7?

The G7 is the forum at which the leaders of the big liberal democracies talk about what troubles them and how they can collectively fix it. Its current membership:

- Canada - Prime Minister Justin Trudeau
- France - President Emmanuel Macron
- Germany - Chancellor Angela Merkel
- Italy - incoming Prime Minister Giuseppe Conte
- Japan - Prime Minister Shinzo Abe
- United Kingdom - Prime Minister Theresa May
- United States - President Donald Trump
- European Union - Commission President Jean-Claude Juncker and Council President Donald Tusk

Collectively, they represent more than 60 per cent of [global net wealth](#) and 45 per cent of global GDP. The G7 provides [76 per cent](#) of the world's "official development assistance," which is defined as government aid intended to improve economic and



social development in poor countries. The G7 also provides [81 per cent](#) of the global humanitarian assistance. Through their membership in NATO, the European and North American G7 members provide the backbone of collective security and humanitarian relief. Japan is not a NATO member but NATO and Japan are [currently](#) strengthening relations to address shared security challenges

As in the past, other leaders will be invited to Charlevoix, including United Nations Secretary General António Guterres, International Monetary Fund managing director Christine Lagarde, and the heads of the World Bank and the Organization for Economic Co-operation and Development. The leaders of other countries (e.g. Vietnam), including some that could be swamped by rising sea levels, are also expected to be invited.

The G7 came into being in the wake of the 1973 OPEC oil crisis and the appreciation by then-U.S. secretary of the Treasury George Shultz and former president Richard Nixon that the leading democratic powers needed a forum at which their leaders could meet in sustained but informal discussion over a couple of days. Russia was a member from 1997-2014 but Vladimir Putin was disinvited after the Russian invasion of Crimea and Ukraine.

Former prime minister Pierre Trudeau hosted Canada's first G7 summit in 1981 at Montebello, and since then we have hosted summits in Toronto (1988, Brian Mulroney), Halifax (1995, Jean Chrétien), Kananaskis (2002, Jean Chrétien), and Huntsville (2010, Stephen Harper).

Summitry for the G7 is not cheap, but think of it as an insurance premium for global wellbeing. The Trudeau government allocated [\\$600 million](#) in its 2018 spending estimates for Charlevoix. The bill for Canada's hosting of the 2010 Huntsville summit topped [\\$1.1 billion](#). Most of the money is spent on security.



Figure 2: The flag of each Group of Seven (G7) country.

The Road to Charlevoix

The leaders' summit is the culmination of a year-long process of meetings that for Charlevoix brought together their sherpas, foreign and security ministers, finance and development ministers, energy and environment ministers, with sessions involving the so-called G7 engagement groups: Business7, Civil7, ThinkThank7, Labour7, Science7, Women7 and Youth7.

Meeting in Toronto in April, the foreign and security ministers produced a detailed [communiqué](#) that addressed four main themes: (1) a rules-based international order; (2) non-proliferation and disarmament; (3) transnational threats to security; and (4) conflict prevention and support for United Nations efforts and reform. They also released a declaration, [Defending Democracy – Addressing Foreign Threats](#), with specific measures related to democratic institutions and



processes, disinformation and media, fundamental freedoms and human rights. There were also specific commitments to advance [international humanitarian law](#) and their [women, peace and security initiative](#).

Security ministers produced a [communiqué](#) addressing trafficking in persons, counterterrorism and cyber-security. There was also a declaration around managing [foreign terrorist fighters](#) and a [commitments paper](#) that discussed managing threats domestically, countering violent extremism, preventing violent extremist and terrorist use of the internet, cyber-security and the fight against cyber-crime, and trafficking in persons.

In May, G7 leaders released a statement “[rejecting the electoral process](#)” that led to the May 20 presidential election in Venezuela and declared their commitment to a “peaceful, negotiated, democratic solution to the crisis in Venezuela”.

The Charlevoix Agenda

As G7 host throughout 2018, Prime Minister Trudeau [announced](#) in December, 2017 that the theme of advancing gender equality and women’s empowerment will be integrated throughout the presidency, and at all [ministerial meetings](#). According to Mr. Trudeau: “This focus on gender as an overarching theme throughout everything the G7 does is something that we want to establish, not just for this year and next year, but for many years to come.” An advisory council, including billionaire philanthropist Melinda Gates and Nobel Peace Prize winner Malala Yousafzai, is developing gender-related recommendations touching on each one of the five themes for the G7 summit:

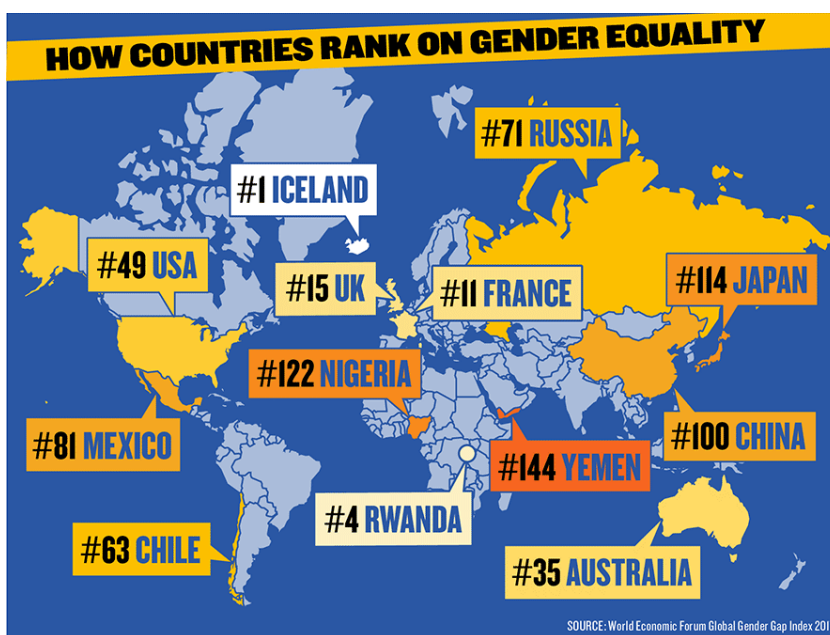


Figure 3: A map illustrating the rank of various countries on the World Economic Forum's 2017 Global Gender Gap Index. [Canada ranks 16th](#). (Source: BBC)

- [Investing in Growth that Works for Everyone](#)
- [Advancing Gender Equality and Women’s Empowerment](#)
- [Building a More Peaceful and Secure World](#)
- [Preparing for Jobs of the Future](#)
- [Working Together on Climate Change, Oceans and Clean Energy](#)



There has been [some criticism](#) that the focus on the oceans has replaced traditional geographic focus on Africa that G7 leaders began in 2001. African development was a central theme of the summit Chrétien hosted in Kananaskis (2002). The foreign ministers discussed Africa and it will doubtless get leaders' attention.

But with limited time, Canada is putting a focus on oceans. Canadian waters include three oceans: the Arctic, the Atlantic and the Pacific. Our oceans cover roughly 70 per cent of the globe and are fundamental to managing our climate because they produce approximately 80 per cent of our oxygen. The oceans are also the primary source of food for over a fifth of the world's population. The oceans discussion is expected to focus on three issues: overfishing, plastics dumped in ocean waters and coastal states facing rising sea levels.

Plastics are a solvable problem. Around eight million tonnes of plastic enter the marine environment each year, and the figure is set to rise. The [Ellen MacArthur Foundation](#) estimates that 311 million tonnes of plastic were produced in 2014, which will double within 20 years, and projects that there will be more plastic than fish in the oceans by 2050.

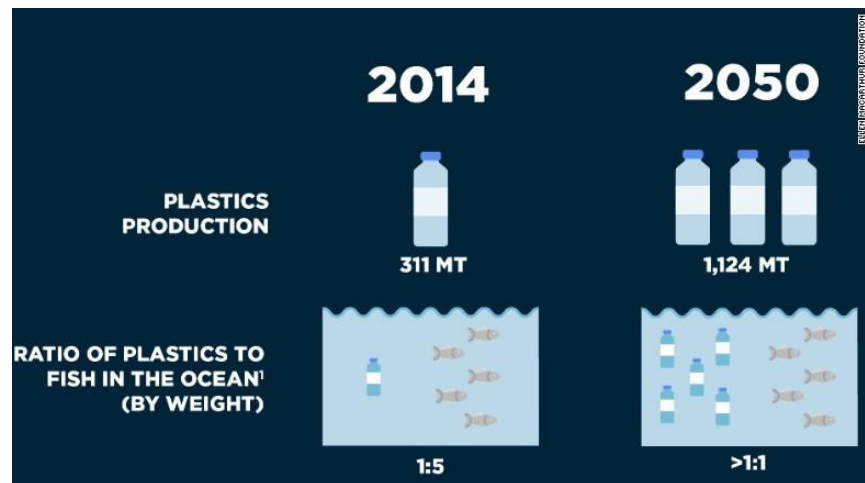


Figure 4: A graphic from the Ellen MacArthur Foundation outlining the anticipated plastic-to-fish ratio in the world's oceans by 2050. (Source: Ellen MacArthur Foundation)

The EU is already moving ahead with [a directive](#) to curb the use of plastics.

What About Deliverables from Charlevoix?

Deliverables come in two parts. There are the useful initiatives – on gender, on oceans - that the various working groups have negotiated, some of which involved collective financial commitments, in the months leading to the summit. For example, leaders are expected to announce an initiative, with initial funding from governments and pension funds, focusing on [gender diversity](#) in global capital markets, on strengthening expertise in sustainable infrastructure and on financial disclosures to create sustainable change.

Then there are the top-table agreements on critical issues hammered out in their face-to-face formal and informal discussions at Charlevoix. For example, the G7 Leaders collectively [rejected](#) the electoral process that led to the recent Venezuelan election. The extent and number of these commitments is their test at Charlevoix, especially given the divide between President Trump and



the other leaders on so many issues. As host and chair, the pressure will be on Justin Trudeau to find consensus and translate that into a shared communiqué.

Initially seen as a constructive and capable internationalist, Mr. Trudeau's reputation has [taken a beating](#) after his recent Asian trips – fumbling the conversation, especially with Abe, over what is now the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP); the rebuff in Beijing from Chinese Premier Li Keqiang in what many thought would be a framework for closer economic relations with China; the India trip that has given his critics continuing material over his dress, invitee list and the [suggestion](#) that the Indian Security Service wanted to upend the visit.

In setting out the priorities for Charlevoix, Mr. Trudeau [declared](#) that “Canada is proud to put forward a progressive agenda for the 2018 G7. The themes we have chosen for the year will help focus our discussions on finding real, concrete solutions to promote gender equality, women's empowerment, clean energy, and economic growth that work for everyone. As G7 partners, we share a responsibility to ensure that all citizens benefit from our global economy, and that we leave a healthier, more peaceful, and more secure world for our children and grandchildren.”

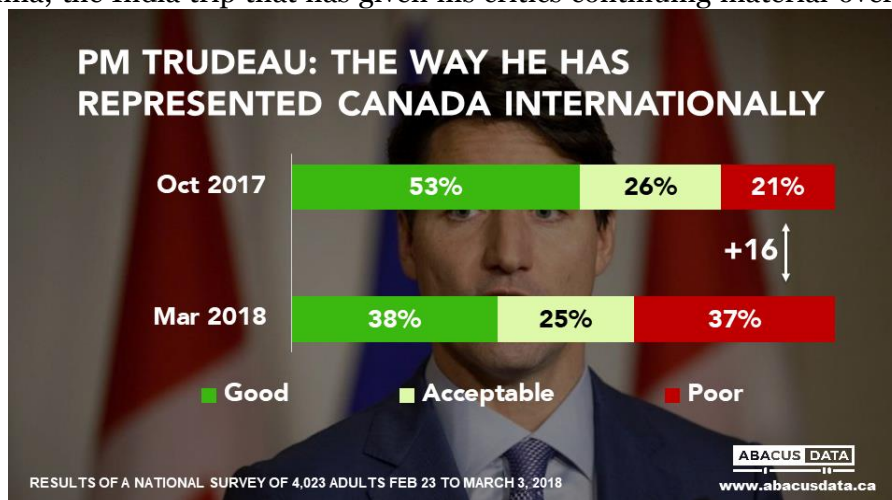


Figure 5: Public perception of the Prime Minister's performance abroad has soured in recent months. (Source: Abacus Data, [March 2018](#))

Canada has new deals with the European Union and the Trans-Pacific Partnership that it now needs to consolidate into measurable results. The negotiations with the U.S. and Mexico on NAFTA are in flux. Canada depends on the global economy and it still needs to build ties in Asia and the rest of the Americas in general and with China and India in particular. Leaders will be interested in the Trudeau government's decision to [buy the Trans-Mountain pipeline](#) and proceed with construction.

As to the other leaders:

Japanese Prime Minister Shinzo Abe, attending his seventh G7 summit, is concerned about rising China, the now-nuclear North Korea and maritime security in the Indo-Pacific, especially the vital sea lanes through the South China Sea on which Japan depends.

New Italian Prime Minister Giuseppe Conte, leads a coalition government, Italy's [65th government in 73 years](#). Mr. Conte, "the [synthesis of the Five Star](#) movement", is the sixth unelected prime



minister in a row. He can be expected to press fellow leaders on the need to address the migration crisis of migrants crossing the Mediterranean from North Africa. Italy's national statistics institute, Istat, says that there are [five million](#) foreigners legally resident in Italy. That's 8.3 per cent of the country's population of 60.5 million. More than 690,000 migrants, most from sub-Saharan Africa, have arrived by boat from Libya since 2013. With a GDP of [\\$1.6 trillion](#) and a debt-to-GDP ratio of 133 per cent, leaders want to know what is next for Italy. Its economic situation is precarious and political uncertainty undermines market confidence. But is Italy simply "[too big to bail](#)"?

French President Emmanuel Macron is at his second G7. Mr. Trudeau says President Macron has promised to pick up the baton on advancing gender issues when the French host the G7 summit in 2019. A committed Europeanist, President Macron is driving a series of domestic reforms that has created considerable backlash, especially from the trades unions.

German Chancellor Angela Merkel is the doyenne of the group (this is her 13th G7 summit). A couple of years ago, the *Economist* described her as the "[Indispensable European](#)" arguing that "without Ms. Merkel, it is hard to see Europe mastering its destructive forces." This assessment still applies. She recently completed negotiations to form another grand coalition – her fourth government. She and Mr. Trudeau spoke recently about climate change, protectionism and the need to make "meaningful investments" for educating girls and aiding women in crisis settings.

US President Donald Trump is the wild card at this, his second G7 appearance. He has clashed repeatedly with his G7 colleagues and takes a different tack on most issues – defence spending, trade, climate, and immigration and refugee policy. His Middle East policies – leaving the Iran nuclear agreement and moving the U.S. embassy to Jerusalem – have put him at odds with the rest of the G7. The imposition of tariffs on steel and aluminum under specious 'national security' grounds and the threat to use this same approach on autos has led Canadian and European leaders to retaliate. He will be quizzed on the on-off-maybe on summit with North Korea as well as the Iran nuclear agreement that he has now abandoned to the chagrin of the Europeans, each of whom lobbied him personally to stay in the deal. Mr. Trump will also likely continue to urge his fellow leaders to "[pay their fair share](#)" on collective defence. While NATO spending has gone up and Allies, including Canada, have commitments for more spending within the G7, only the U.S. and Britain meet the NATO set norm of spending 2 per cent of GDP on defence.



Graph 2 : Defence Expenditure as a share of Gross Domestic Product
(based on 2010 prices and exchange rates)

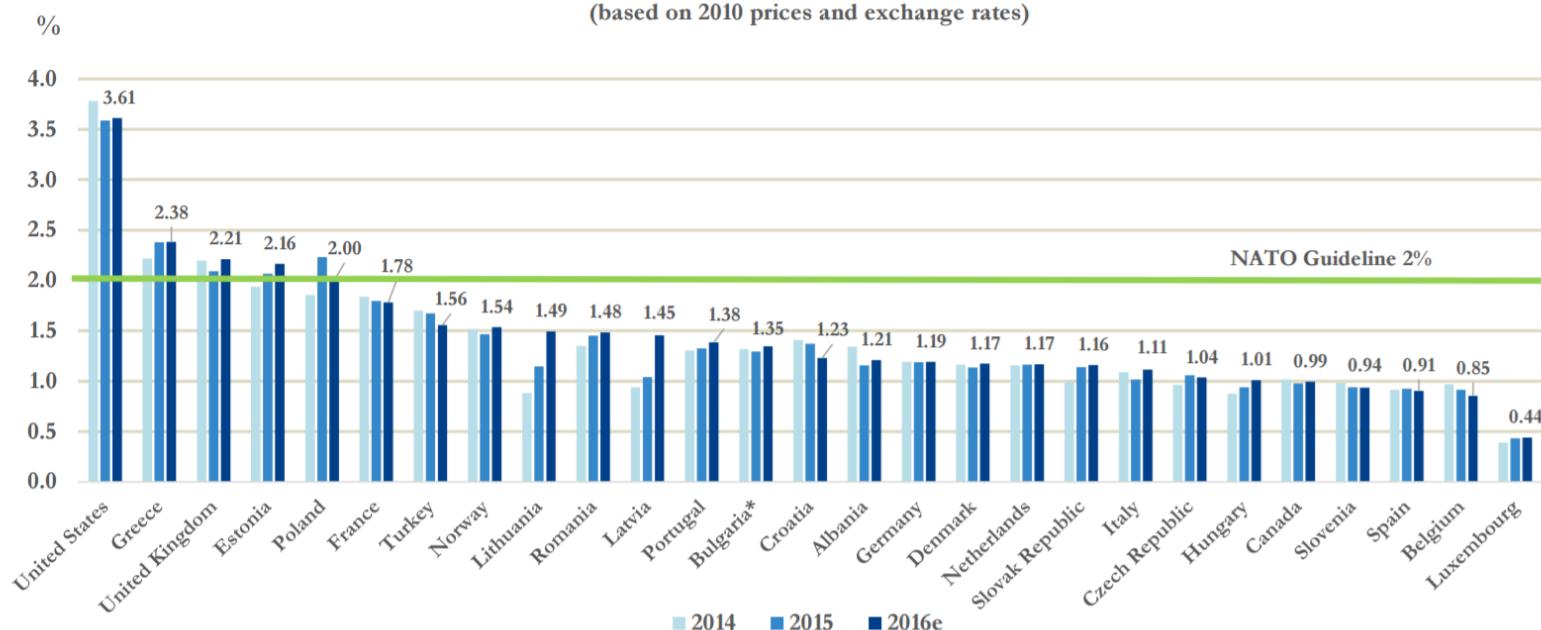


Figure 6: A graph outlining how much NATO members have allocated for defence expenditures as a share of their GDP. (Source: [NATO](#))

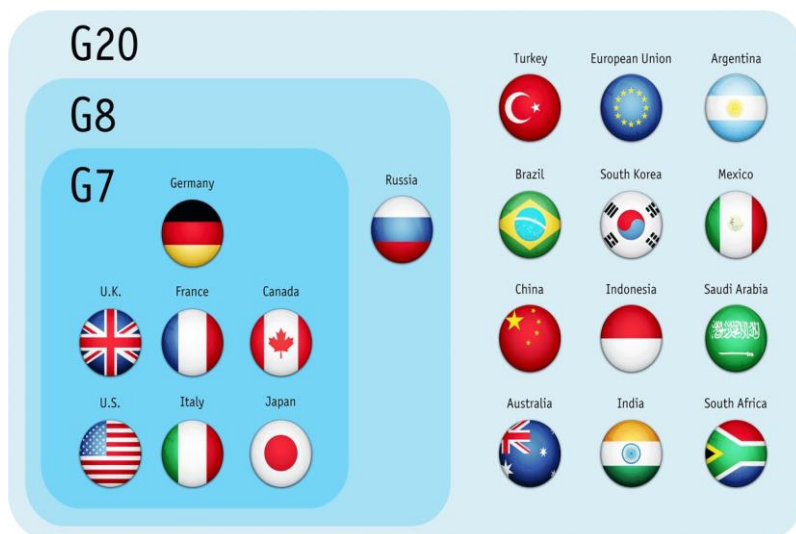
British Prime Minister Theresa May is also attending her second G7 summit. She still needs to secure a favourable deal from the Europeans ahead of their impending divorce. In the wake of the [Skrripal affair](#), she will be pushing for G7 solidarity in continuing sanctions against Russia.

Do We Really Need a G7?

Yes. The rules-based liberal international order and multilateral co-operation are under protectionist and populist pressures, both from within and without. The G7 summit is the top table where the leaders of the major liberal democracies visibly demonstrate (or not) their ability to collectively manage the geopolitical pressure points and the growing socioeconomic consequences of globalization. Winston Churchill, who popularized the word “summitry”, observed that “jaw-jaw” among leaders is better than “war-war” and with trade conflicts on the rise within the G7 partnership they need to talk. For over forty years, frank discussions and informality have characterized the G7 summits.

This is its advantage over the other top table leaders’ forum - the UN Security Council and the G20.

The Security Council’s permanent members – Russia, China, France, Britain and the United States – represent the world of 1945 and the early Cold War. As we witness over Syria, North Korea and other recent crises, getting the Security Council to act constructively is very difficult. Reforming the Security Council is an exercise in futility.



*Figure 7: A graphic outlining how individual countries break into the G7, G8, and G20.
(Source: Foreign Policy in Focus/Bloomberg)*

The G20, founded in 1999 with strong Canadian encouragement, includes the G7 members – Canada, the United States, Japan, France, Germany, Italy and the United Kingdom – as well as Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, and Turkey. With two-thirds of the world’s population, their economies account for approximately 80 per cent of world trade and global production.

Like the G20, much of the G7’s value is in its process – the meetings of sherpas and ministers throughout the year and the working groups examining issues like gender, climate, youth employment, health, food safety, development, energy, environmental protection, non-proliferation and support for the UN’s peacekeeping and peace-consolidating operations.

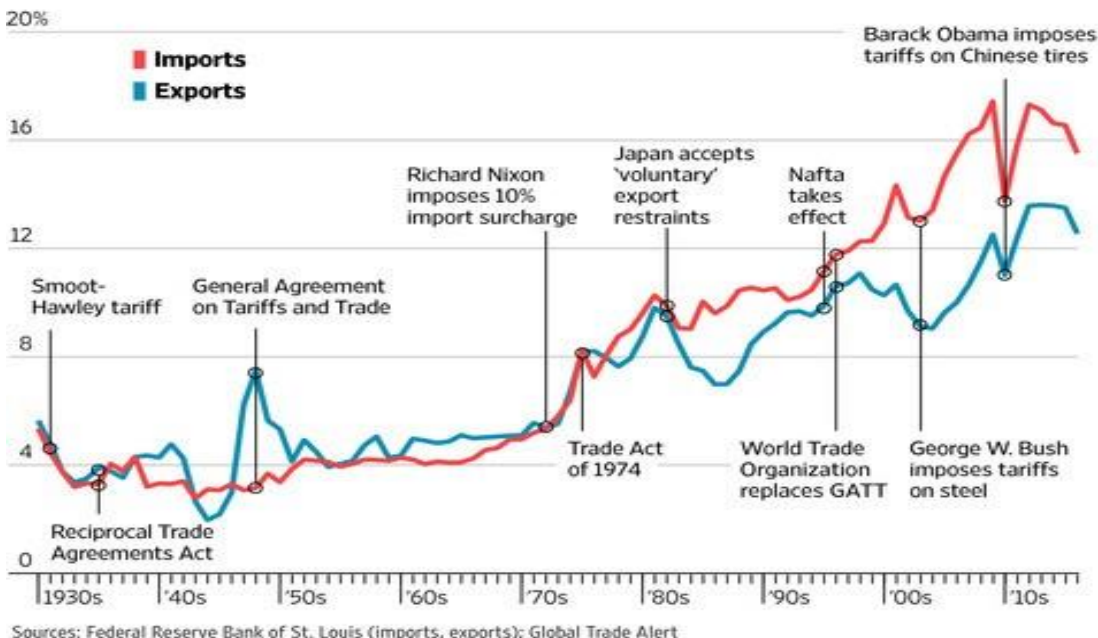
More people may work on the draft of the final communiqué than will read it but the process of getting there is what really matters. The ongoing meetings between the leaders’ sherpas – their personal representatives – and relevant ministers keep the dialogue going. They are supported by their discussions with business, civil society and think tanks. Canada’s sherpa, deputy minister Peter Boehm, a veteran diplomat and former Canadian ambassador to Germany, captured it best when he said: “The G7 is a collective, it’s not a global government. Yes, we’re going to have differences – we wouldn’t be having these meetings if we were all agreed on everything ... The leaders are really only together for about [48 hours](#), so are we going to solve all the problems in the world? No. Can they have a good discussion and push things forward? Yes. Can they convince some of the more recalcitrant leaders that maybe they should be a bit more open-minded? There’s a good possibility of that too.”



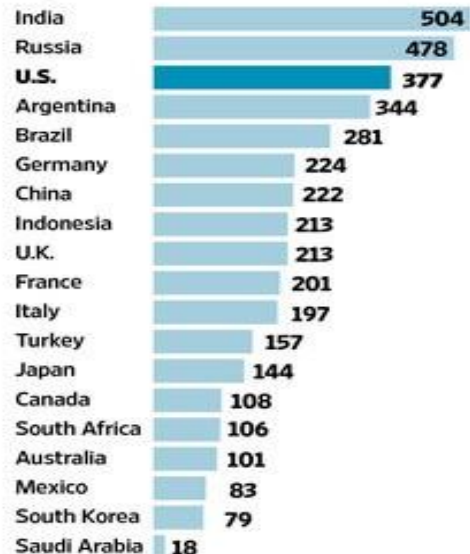
Presidents, Protectionism and Free Trade

Since 1930, Congress has delegated ever more authority over trade to the president. In recent years, the U.S., like many other major economies, has undertaken numerous steps to punish imports or favor U.S. products.

U.S. trade as a percentage of GDP



Number of discriminatory measures implemented Nov. 2008–Oct. 2015



THE WALL STREET JOURNAL.

Figure 8: Graphs displaying the growth of U.S. trade as a percentage of GDP, and global protectionist measures.

Further Reading and Listening:

The Government of Canada's [G7 site](#) contains much useful background. The best Canadian source for G7/8 documentation, with a chronology of past summits, is the University of Toronto's [G7 Information Centre](#) managed by John Kirton. CGAI has also released a series of [Global Exchange podcasts](#) based on presentations in early May by Peter Boehm, the G7 ambassadors resident in Ottawa and a panel of Canadian experts looking at what Canada wants from Charlevoix.



Figure 9: The 2018 G7 logo, which evokes Charlevoix's rich natural landscape.
(Source: PMO)

► About the Author

Colin Robertson is Vice-President and Fellow at the Canadian Global Affairs Institute, a member of the NAFTA Advisory Council to the Deputy Minister of International Trade, and a former Canadian diplomat and member of the teams that negotiated the Canada-U.S. FTA and NAFTA. He is also an Executive Fellow at the University of Calgary's School of Public Policy, a Distinguished Senior Fellow at the Norman Paterson School of International Affairs at Carleton University, a member of the advisory councils of the Conference of Defence Associations Institute and the North American Research Partnership and participant in the North American Forum. He is a past president of the National Capital Branch of the Canadian International Council. He is an honorary Captain (Royal Canadian Navy) assigned to the Strategic Communications Directorate. He writes a regular column on international affairs for the *Globe and Mail* and he is a regular contributor to other media.

► Canadian Global Affairs Institute

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The Institute was created to bridge the gap between what Canadians need to know about Canadian international activities and what they do know. Historically Canadians have tended to look abroad out of a search for markets because Canada depends heavily on foreign trade. In the modern post-Cold War world, however, global security and stability have become the bedrocks of global commerce and the free movement of people, goods and ideas across international boundaries. Canada has striven to open the world since the 1930s and was a driving factor behind the adoption of the main structures which underpin globalization such as the International Monetary Fund, the World Bank, the World Trade Organization and emerging free trade networks connecting dozens of international economies. The Canadian Global Affairs Institute recognizes Canada's contribution to a globalized world and aims to inform Canadians about Canada's role in that process and the connection between globalization and security.

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