

G7 summit, June 2021

Asserting democratic values in the post-crisis context

SUMMARY

The 47th G7 summit is scheduled for 11-13 June 2021, and will be chaired and hosted by the United Kingdom. After a year-long break caused by the pandemic and the former US administration's inability to organise the 2020 summit at a later date than initially scheduled, this year's event is expected to mark a return to strong global cooperation among the world's major democracies. The leaders of four guest states – Australia, India, South Africa and South Korea – will join the leaders of the G7 nations and the European Union, thus reinforcing the group's global democratic representativeness. The G7 has built up a reputation for being an informal framework of cooperation on major global issues, which is driven by a shared commitment to the fundamental values of liberal democracy. This year's summit is expected to reaffirm these values in the face of assertive authoritarian tendencies elsewhere in the world.

Ahead of the summit, ministerial meetings in areas selected by the presidency have already taken place, shaping future cooperation among the G7 nations. 'Beat[ing] Covid-19 and building back better' is an obvious priority this year. Achieving it includes ensuring more equitable and rapid access to vaccines and other medical supplies for developing countries. While the group has reaffirmed its general commitment to this priority, the US proposal to waive patent rights for the production of vaccines still needs to find common ground among the G7 members. Another US initiative – setting a minimum global corporate tax rate – has already been endorsed by G7 finance ministers. It is considered a major change in the international taxation system, potentially making history for the G7. Reinforcing cooperation on the regulation of digital developments is another priority, as are ambitions linked to honouring the commitments under the Paris Agreement.

As every year, the EU, which is a G7 member in its own right, will be represented by the Presidents of the European Council and of the European Commission.



IN THIS BRIEFING

- Background
- Significance of the 2021 summit: Reaffirming unity on shared values
- Issues on the G7 summit agenda
- Outlook for the summit

This is an updated version of a Briefing published ahead of the Parliament's debate on 9 June 2021.

Background

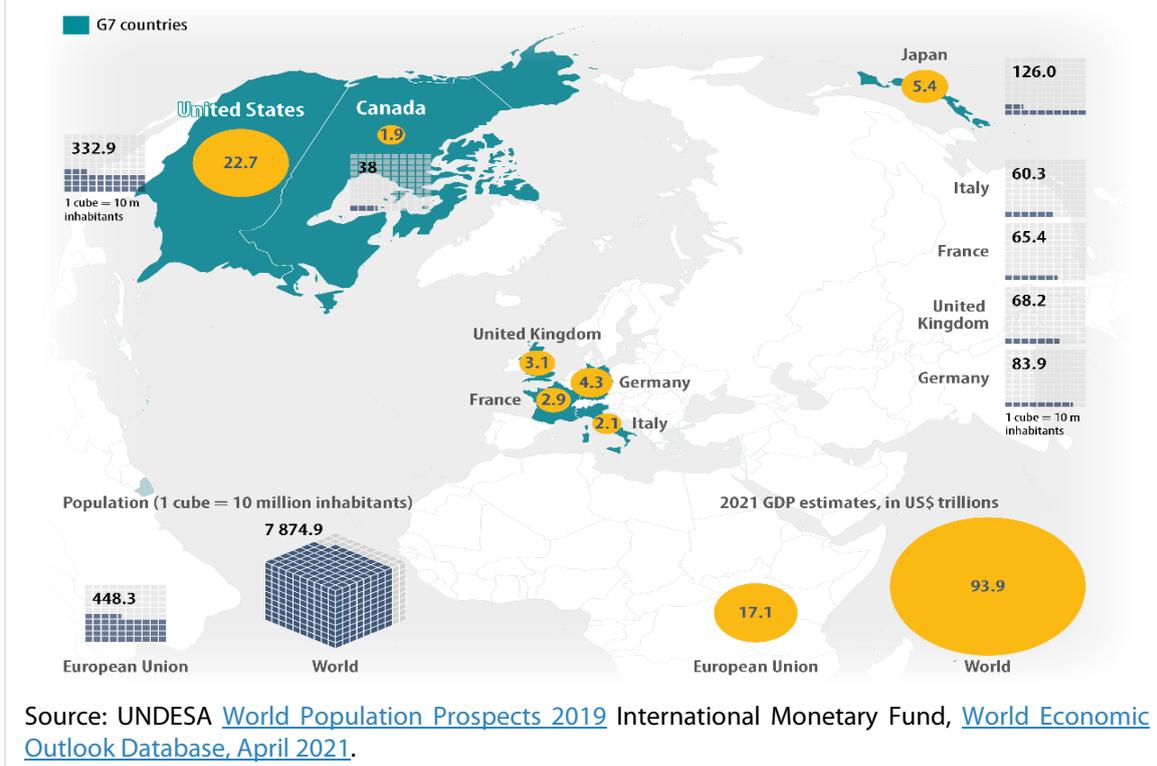
Between 11 and 13 June, the G7 will meet in Cornwall, United Kingdom, for its yearly summit under the UK rotating presidency. This meeting will mark the resumption of summits after a year-long break due to the coronavirus pandemic and the US elections. The US should have hosted the summit in June 2020; however, the summit was [postponed](#) to the autumn of 2020 and then in the end did not take place. Established in 1975, the Group of Seven (G7)¹ is an international forum composed of seven leading industrialised nations (Canada, France, Italy, Germany, Japan, the UK and the US) plus the EU, whose heads of state or government meet yearly to discuss issues of global interest. Russia was a member between 1997 and 2013 (hence the reference to the group as the G8), but was suspended after its annexation of Crimea.

EU participation

Since 1977, the EEC and later the EU has been increasingly involved in the G7. Initially, the European Commission President attended only the sessions covering areas of EEC competence. Starting in 1981, the EEC was invited as a full participant. Today, the Presidents of the European Council and the European Commission jointly represent the EU at G7 summits. Although the EU has been granted full participation, its membership is distinct: it does not hold the presidency and does not host a summit meeting (by exception, it hosted one in [2014](#) after Russia's suspension from the then G8); therefore its direct influence on agenda-setting is limited.

The G7 is an informal forum of cooperation. It does not have formal rules regarding its membership or activities, nor does it run a permanent secretariat. Its rotating presidency sets the agenda, hosts the annual summit and deals with the secretarial tasks. The small size of the group has [facilitated](#) consensus-building on specific issues besides economic and financial governance, such as peace and security, counter-terrorism, development, education, health, the environment and climate change. Although the combined GDP of the G7 has been decreasing steadily, it still represents over half of the world's nominal GDP when the entire EU is included (based on [IMF 2021 estimates](#), see Figure 1).

Figure 1– G7 members: Population and nominal GDP per country in 2021



In the run-up to the summit, the presidency has organised a series of meetings at the level of sectoral ministers, as well as meetings of specially appointed personal representatives of each head of state or government (including the Presidents of the European Council and the European Commission respectively),² known as [sherpas](#). They meet repeatedly before each summit to prepare the agenda.

As well as being a leading forum on global economic and financial governance, the G7 has gradually integrated other issues of global interest into its remit. Today, it stands for peace and security, freedom and human rights, democracy and the rule of law, prosperity and sustainable development. Agreement on those basic values has helped reinforce consensus-building. In 2020, then US President, Donald Trump, hinted that he wished to invite Russia back to the group, but [other members](#) opposed the move insisting that G7 nations had to respect international norms.

Significance of the 2021 summit: Reaffirming unity on shared values

Traditionally, the G7 has been regarded as a steering group for the West, as it includes North American and Western European democracies, plus Japan. More recently, the G7 has been eclipsed on certain issues by the G20, a global forum with a partly similar organisation and objectives but with a broader and more representative membership. The relative weight of G7 countries in the world economy has been [declining](#), while G20 GDP has been on a continuous rise thanks to China and other emerging economies. The [G20](#) became the main steering group on global economic and financial issues in 2008, when it was able to put forward an effective response to the crisis. The G7 was described by [some](#) as dormant during the lockdown related to the coronavirus crisis,³ allowing the G20 to take centre stage as the main global economic governance forum for addressing the crisis in [2020](#) (G20 [critics](#) however claimed that it was 'unable to mobilize an effective and unified response to the pandemic and its economic impacts'). The G20 encouraged its members to provide incentives in their economies, set up a mechanism for debt relief to developing countries in need, and committed to supporting fair distribution of vaccines in the world, including through the COVAX mechanism. Persistent [disagreements](#) between G20 democracies and less democratic G20 members, such as China, Russia and Turkey, however, cast a shadow on its effectiveness.

What role for the G7 in a future alliance of democracies?

Convening a summit of democracies is a key foreign policy [project](#) of the US administration, although it may require [more time](#) to come into being than initially planned, on account of the global health crisis. In this context, experts inquire what new forms possible alliances of democracies may take and what role G7 countries will play in these. A summit of democracies could, in a minimal [format](#), involve the G7 plus three other major democracies – Australia, India and South Korea – according to a [format](#) proposed and [tested](#) by the Atlantic Forum. The US President, Joe Biden, and the US Secretary of State, Antony Blinken, have also called for cooperation between 'techno-democracies' (democracies with a technological edge) in the face of assertive 'techno-autocracies', notably China. According to [commentators](#), the White House vision for such cooperation includes the G7 plus Australia, India, New Zealand and South Korea. An [alternative proposal](#) by independent analysts refers to an alliance of major techno-democracies (T-12), which would include the G7 (without Italy) plus the abovementioned four countries, but also Finland, Sweden and Israel.

Such initiatives are not new. Existing intergovernmental organisations composed solely of democracies, such as [International Idea](#) (1995, currently with 33 member states) and the [Community of Democracies](#) (2000, 29 Governing Council member states), have, however, focused solely on the promotion of democracy and human rights.

Based on the trends outlined above, some [commentators](#) argue that the G7 has lost its relevance. A [proposal](#) made by researchers after the 2018 G7 summit, which was particularly divisive, is to transform it into a G7+ format, in which the euro area would have unique representation and three

new members – China, India and Brazil – would join the group (the latter move risking the undermining of the group's democratic character).

The post-pandemic context provides an opportunity for the G7 to reclaim some of its steering role in global economy matters and other issues of global concern. According to [Chatham House](#), 'given the unprecedented harm Covid-19 continues to cause, this year's G7 summit may be one of the most important gatherings in its history'. In a [statement](#) adopted in a first virtual leaders' meeting in February 2021, the G7 stated that it would continue its support for the member's economies to overcome the pandemic-related crisis. Combined, this support totalled over US\$6 trillion across the G7 over the past year.

Moreover, this year's summit is an opportunity for the world's major democracies to reaffirm their unity. As the most prominent forum of democracies, the G7 represents a platform for promoting liberal and democratic values. This year's summit also takes on special significance in the context of the new US administration and its [commitment](#) to enhancing cooperation among democracies internationally and defending multilateralism, particularly against an assertive China. The UK presidency has stated [its ambition](#) for the G7 to intensify cooperation between the world's democratic and technologically advanced nations. To this end, the leaders of Australia, India, South Korea and South Africa have been invited as guests to the summit. The British Prime Minister, Boris Johnson, [hinted](#) that the presence in particular of Australia, India and South Korea as guests at the summit would be an effective step towards establishing a D10 format (see box above, on an alliance of democracies).

Stakeholder meetings

Each year, stakeholders from civil society meet in G7 engagement groups, in parallel to the official meetings. These groups hold their summits in the months before the G7 summit. The UK presidency has set up six such stakeholders groups: [Youth 7](#); [Women 7](#); [Science 7](#); [Labour 7](#) (L7); [Civil Society 7](#); [Business 7](#). For example, youth representatives' [recommendations](#) to G7 leaders focus on: ensuring early warning and risk reduction for climate-vulnerable regions; developing indicators that supplement GDP; achieving universal connectivity by 2030 worldwide; and tackling mental health stigma. [Civil society representatives](#) recommend to G7 leaders to: work towards the achievement of global sustainable economic recovery after the pandemic; to assume global leadership in order to address the climate and ecological crises; adopt a just and equitable approach to the sharing of vaccinations for Covid-19; and to tackle threats to democracy, open societies and democratic institutions.

Issues on the G7 summit agenda

The [priorities](#) established by the UK presidency for this year's summit are:

- leading the global recovery from coronavirus while strengthening resilience against future pandemics
- promoting future prosperity by championing free and fair trade
- tackling climate change and preserving the planet's biodiversity
- championing the G7's shared values.

In the run-up to the summit, the G7 has held several sectoral [ministers meetings](#)⁴ and issued statements outlining joint commitments (some of which are mentioned below). Such meetings have been [found](#) to increase the chances of successful implementation of commitments made at the summit.

Endorsing common values

After their meeting on 3-5 May, the G7 foreign and development ministers⁵ issued a [communiqué](#), in which they emphasised the commitment of their countries to strengthening open societies, their shared values, and the rules-based international order. They declared that 'liberal democracy and free and fair markets remain the best models for inclusive, sustainable social and economic

advancement' and highlighted need to tackle global challenges through global cooperation. The communiqué reaffirmed the G7's commitment to its [Rapid Response Mechanism \(RRM\)](#), established at the 2018 summit in Charlevoix (Canada) to coordinate identification of and responses to evolving threats to the G7 democracies. Since the beginning of the year, the G7 have systematically reacted, through foreign ministers' statements, to international crises involving major violations of human rights and democracy: the [arrest and detention of Alexey Navalny](#), [the coup in Myanmar](#), [violence after the coup in Myanmar](#), [Hong Kong electoral changes](#), and the conflicts in [Ukraine](#) and Ethiopia ([Tigray](#)).

After the ministerial meeting, the EU High Representative, Josep Borrell, highlighted the need for 'a coordinated and stronger answer from democracies to the problems coming from the Sahel, to relations with China, with Russia, the problems in Ethiopia, Somalia'.

The abovementioned 5 May communiqué encourages China 'to participate constructively in the rules-based international system', to addresses global challenges including climate change and biodiversity loss' and to promote economic recovery from the coronavirus crisis. At the same time, the communiqué expresses serious concerns about the grave human rights violations in Xinjian, Tibet and Hong Kong. China was very [critical](#) of the communiqué and qualified it as an act of 'gross interference' for having backed Taiwan's participation in World Health Organization forums.

The communiqué also reaffirms the G7's ambition for global leadership on gender equality and the promotion of women's rights along three strands: educating girls, empowering women, and ending violence against women and girls.

The G7 trade ministers, who met on 28 May, reaffirmed in their [final communiqué](#) the G7 states' 'commitment to open markets and a global trading system that should not be undermined by unfair trade'. The communiqué calls for negotiations aimed at developing stronger international rules on market distortion caused by industrial subsidies and state enterprises. The communiqué recognises the need to modernise the multilateral trade system as the world builds back better from the coronavirus pandemic. The G7 commits to advancing key issues such as trade and the environment, trade and health, and digital trade.

Helping developing countries deal with the pandemic

The G7 foreign and development ministers further committed to working with developing countries, especially in Africa, to achieve a green, inclusive and sustainable recovery from the coronavirus crisis, in line with the 2030 Agenda for Sustainable Development and the Paris Agreement. They also pledged to work for an equitable distribution of vaccines in the world, including to financially support the COVAX mechanism for distributing vaccines to developing countries, without however announcing additional aid. COVAX has distributed some [65 million doses](#) of vaccines (as of mid-May) out of the 2 billion promised by the end of 2022. According to international [experts](#), another US\$60 billion would be needed for vaccines and Covid-19-related medical supplies over the next two years. According to the UN Special Envoy for Global Education, Gordon Brown, it would be fair for G7 members to contribute [two thirds](#) of this sum (EU members alone 23 %), based on their national income, wealth and benefits accrued from the resumption of trade.

A hot issue that could be discussed at the summit is the US proposal to [waive](#) patent rights on the technology for producing Covid-19 vaccines. The [US announcement](#) came hours after the G7 foreign ministers had agreed their joint communiqué. The European Union and several of its Member States⁶ have been reluctant to endorse such a proposal, considering that the main problem resides in insufficient production capacity, which patent-sharing cannot speed up fast enough. The European Union is yet to define its position on the issue. After the announcement, the European Commission President, Ursula von der Leyen, [declared](#) that the EU is 'ready to discuss' the US proposal for a waiver, while some Member States, such as Germany and France, expressed [concerns](#). In a [debate](#) on the issue in the European Parliament's May session, Members were divided on the

utility of such a waiver. The EU Commissioner for Trade, Valdis Dombrovskis, stressed that alternative solutions – such as resolving production bottlenecks, using 'compulsory licensing', investing in manufacturing capacity in developing countries and increasing contributions to the COVAX scheme – are also worth considering.

To overcome this divergence in opinions, the G7 trade ministers made general pledges in their communiqué of 27 May, namely to prioritise 'discussions and support work at WTO in identifying solutions to expand global vaccine production and distribution', and to support 'production enablers on voluntary and mutually agreed terms, such as licensing, technology and know-how transfers, contract manufacturing, transparency, and data sharing, public-private costs and risk sharing'.

Global corporate taxation

In response to a US proposal, the G7 finance ministers agreed during their meeting of 4-5 June on principles for global corporate taxation. The deal included in the ministers' [communiqué](#) provides for a minimum tax rate for multinational companies of 15 %, but is considered only a [starting point](#), as many details remain unclear. The proposal will require the endorsement of the G20 and of the [139 countries](#) involved in OECD [consultations](#) on fighting tax evasion and tax avoidance by multinational companies.

The [Financial Times](#) hailed the change as a once-in-a-century modification of the international system of taxation; it would significantly curtail the possibility for companies to shift finances to low-tax jurisdictions. The EU supports the deal, even though it has been following a digital tax track to address the issue. It has continued to pursue an [EU-wide digital levy](#) despite a previous [failure](#) to secure the necessary consensus; the idea of an EU-wide digital levy has been supported by the [European Parliament](#). In the meantime, some countries, such as [France](#) and Italy, have introduced national digital taxes. The G7 deal provides that digital and similar taxes will be suppressed, in parallel with the application of the new international tax rules.

Climate change and environmental sustainability

The G7 summit is [considered](#) a unique opportunity for giving an impetus to efforts to 'build back and ensure environmental sustainability'. Environment and climate ministers of the G7 countries [decided](#) on 21 May to stop government support for international energy production from coal by the end of 2021, including through official development assistance, export finance, investment, and financial and trade promotion support. This move would send a [strong message](#) to China, which uses more than half of the world's coal energy. At the same meeting, the G7 members committed for the first time to halting biodiversity loss. They signed up to the global '[30x30](#)' initiative to conserve at least 30 % of the world's land, as well as of the world's ocean by 2030. An [NGO report](#) has found that this pledge to build back greener was not integrated into the stimulus measures provided by G7 nations during the crisis. Between January 2020 and March 2021, G7 nations committed more than US\$189 billion to support coal, oil and gas, while clean forms of energy received only US\$147 billion.

The crisis in Belarus

The crisis in Belarus caused by the forced landing of an internal EU flight and the arrest of a Belarusian journalist on board could also feature in the summit discussions. The French President, Emmanuel Macron, has [backed](#) the call by the Belarusian opposition leader, Svetlana Tikhanovskaïa, for the Belarusian opposition to be invited to the G7 summit. However, according to British government [sources](#), the UK has no plans to invite other national participants to the summit. A [statement](#) was released by the G7 foreign ministers on 27 May condemning in the strongest possible terms the actions of the Belarusian authorities.

Digital developments

The [Ministerial Declaration](#) of the G7 digital and technology ministers, issued on 28 April 2021, emphasised that digital trends should be in line with the democratic values of open societies. The members committed to promoting secure, resilient and diverse supply chains for digital infrastructure. International collaboration within the G7 and with like-minded partners to develop digital technical standards in relevant fora is another objective. Further recommendations include cooperation on the cross-border transfer of data with trust, a safe internet, as well as cooperation on digital competition. The 5 May [communiqué](#) of the G7 foreign and development ministers reaffirmed their commitment to upholding international law in cyberspace.

In March, a group of 24 major companies from sectors including IT, digital payments and car manufacturing proposed that the G7 establishes a [data and technology forum](#) to discuss and agree on core principles to improve the governance of the digital economy. This should be modelled on the Financial Stability Board (FSB), set up in response to the 2007-2008 global financial crisis. The forum should oversee and provide regulatory guidelines for cybersecurity, artificial intelligence, cross-border data flows and related privacy issues.

Outlook for the summit

At their yearly summits, G7 leaders adopt statements on their commitments to relevant issues, which G7 states voluntarily implement. The [G7 Research Group](#) has counted over 5 500 collective commitments made at past G7 summits. According to the same source, 'the total number of commitments made at G7 summits has varied from 10 made at the 1976 San Juan Summit to 355 at the 2015 Schloss Elmau Summit'.

EU priorities for the summit

In a [press conference](#) organised on 10 June, the presidents of the European Commission and of the European Council presented the EU's priorities for the summit. Charles Michel, the President of the European Council, indicated that G7 cooperation is particularly needed in four priority areas: global health, climate change, foreign policy and corporate taxation. The President of the European Commission, Ursula von der Leyen, emphasised the need for the G7 to focus on the economic impact of the crisis, on upholding the rules-based international system, and on education, health and climate.

Both presidents emphasised the G7 members' joint commitment to liberal values and to the rules-based multilateral system. In this context, Michel mentioned the need to oppose Russia's disruptive activities, while von der Leyen highlighted the need to reform the WTO. She also underlined that the EU's stimulus package to the crisis has been in line with those of other G7 members and that this has to continue.

On the issue of a possible TRIPS waiver for vaccines, Charles Michel declared that this waiver does not represent in any way a 'silver bullet', and that the EU is in favour of using existing TRIPS flexibility through voluntary measures. According to von der Leyen, the EU will focus on expanding manufacturing capacity for vaccines to Africa, as the new technology could also be very useful for fighting other diseases on the continent.

As in previous years, the European Parliament held a [debate](#) ahead of the summit during the June I plenary session. The Parliament's President will participate in the [meeting](#) of the G7 countries' parliament speakers and presidents, which is usually held after the summit.

In contrast to the summits organised during the years of Trump's US presidency, this summit is expected to provide a show of unity among the major democracies, in line with the stated objective of the [UK presidency](#), and enforce consensus on issues such as support for multilateralism, respect for democratic values and human rights all over the world, the fight against climate change and the protection of the environment. However, when it comes to agreeing on the details of implementation, some friction may occur regarding issues such as the fair distribution of vaccines to the world (see above) or the G7 agreement on a global corporate tax which could meet serious [obstacles](#) in its implementation. The G7 deal has already raised opposition from some [US lawmakers](#),

and it is not clear either whether states with low taxation rates profiting from the current system, including some [EU countries](#), are ready to accept it.

ENDNOTES

- ¹ See member governments' webpages on the group, such as [The G7: Frequently Asked Questions – Ministry for Europe and Foreign Affairs \(diplomatie.gouv.fr\)](#), [Canada and the G7 \(international.gc.ca\)](#), [G7, Gruppe der 7 \(bundesregierung.de\)](#), [G7 | European Commission \(europa.eu\)](#).
- ² [Frédéric Bernard](#), head of cabinet and G7 sherpa of the president of the European Council, and [Bjoern Seibert](#), head of cabinet and official reporting to the president of the European Commission on G7-related matters.
- ³ The G7 lost much of its coherence during the years in which Donald Trump was US President, given his sometimes [hostile attitude](#) towards democratic allies in the framework of the group.
- ⁴ The number and choice of ministerial meetings is the prerogative of the G7 presidency. See, e.g., [Canada and the G7 \(international.gc.ca\)](#).
- ⁵ EU High Representative, Josep Borrell, and the Commissioner for International Partnerships, Jutta Urpilainen, [represented](#) the EU during this session.
- ⁶ Such as [Germany](#) and [France](#).

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