



An unravelling of the Group of Seven

Context:

- The 46th G7 summit, scheduled in US in mid-June 2020, has been postponed by the host, U.S. President Donald Trump.
- U.S. President Donald Trump announced that he would like to expand G-7 to a G-11, by adding India, Russia, South Korea and Australia.



Brief History of G7:

- The G7 emerged as a restricted club of the rich democracies in the early 1970s.
- The **quadrupling of oil prices just after the 1973 Arab-Israeli War**, when members of the OPEC imposed an embargo against Canada, Japan, the Netherlands, and the United States, shocked their economies.
- Although the French were spared the embargo, the fear of it made France to invite finance ministers of the US, Germany, Japan, Italy, and UK, for an informal discussion on global issues.
- This transformed into a G7 Summit of the heads of government with the inclusion of Canada in 1976.
- It does **not** have a **permanent headquarter** and the decisions taken by leaders during annual summits are **non-binding**.
- On the initiative of U.S. President Bill Clinton and British PM Tony Blair, the G7 became the G8, with the Russian Federation joining the club in 1998.
- However, **in 2014, Russia was suspended** from the group after the annexation of Crimea and tensions in Ukraine.

What is the criticisms of G7?

The G7 has not been successful with respect to contemporary issues, such as the

- **COVID-19 pandemic:** They have failed to perform vigilance functions through WHO.
- **Climate change:** The G7 countries account for 59% of historic global CO2 emissions (from 1850 to 2010) but has not yet announced any plan of action to phase out all fossil fuels and subsidies.
- **The challenge of the ISIS:** Three of the G7 countries, France, Germany, and the U.K., were among the top 10 countries contributing volunteers to this terrorist organization.

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- **The crisis of state collapse in West Asia** due to external intervention (particularly by US) has led to largest refugee crisis in recent times.
- The G7 failed to head off the economic downturn of 2007-08, which led to the rise of the G20.
- In the short span of its existence, the G20 has provided a degree of confidence, by promoting open markets, and stimulus, preventing a collapse of the global financial system.

Economic Circumstances forces G7 expansion:

- When constituted, the G7 countries accounted for close to two-thirds of global GDP, however, they now **account for less than a third of global GDP** on a purchasing power parity (PPP) basis, and less than half on market exchange rates (MER) basis.
- The seven largest emerging economies (E7, or “**Emerging 7**”), comprising Brazil, China, India, Indonesia, Mexico, Russia and Turkey, account for over a third of global GDP on PPP terms, and over a quarter on MER basis.
- By 2050, six of the seven of the world’s best performing economies will be China, India, the United States, Indonesia, Brazil, and Russia.
- Hence, economic circumstances necessitate change in composition of G7, else it will lose its relevance.

Way Ahead:

- Any new international mechanism (G10 or G11) will have value only if it focuses on key global issues.
- There is a need to push for observing international law and preventing the retreat from liberal values.
- **Global public health and the revival of growth** and trade in a sustainable way (that also reduces the inequalities among and within nations) which is a huge challenge needs to be addressed effectively by the new international mechanism.
- An immediate concern is to ensure effective implementation of the 1975 Biological Weapons Convention.
- **India:** First order priority should include international trade, climate change, the COVID-19 crisis and counter-terrorism.
- India should contribute to peace and stability in Iran, Afghanistan, the Gulf and West Asia.
- It should also coordinate with other like-minded countries to reduce tensions in the Korean Peninsula and the South China Sea.