



REPORT

The Role of the G7 in Promoting North-South Cooperation

Istituto Affari Internazionali (IAI),
Via dei Montecatini, 17
Rome

Noemi Sara Gentile
Research Assistant



European Business Council for Africa and the
Mediterranean (EBCAM)



www.ebcam.eu



+32 2 512 06 95



Rue Montoyer 24 b5
B-1000 Brussels - Belgium



Introduction

- **ETTORE GRECO** (Executive Vice President, Istituto Affari Internazionali-IAI)

The event held on 29 May is part of a project started last year. The aim of the project is to study, through surveys, reports, paper and events, the support of G7 to sustainable growth and mitigation of climate change. Moreover, the IAI plans, through these activities, to raise awareness and promote national debate on development cooperation for Italy's external action to keep international commitments. On the same page, civil society organizations have been involved and a dialogue has been established to possibly provide a bridge between them and policy makers. A remarkable aspect, that has been stressed, is the strategic role of G7 for the stability of the international system which depends on developing countries.

Session 1 – Towards Italy's 2024 Presidency of G7

- **LUCA FERRARI**, G7/G20 Sherpa, Italian Prime Minister Office
- **FERDINANDO NELLI FEROCI**, President, Istituto Affari Internazionali-IAI



The focus of the first session has been on the role of G7, in view of the Italian presidency of G7, to the North-South Cooperation. As acknowledged also by an external point of view, G7 in Hiroshima was a success in restating what the G7 has become in the past year. Europe has changed the perception of G7. While in the past it was just seen as an intergovernmental political forum, nowadays the G7 has become a **control tower**. The G7 was born to be an assembly of rich nations in the world, but it has now become a control tower, especially for democracy in the world. In the last summit, several problems were discussed, some coming from the past - such as the war in Ukraine and related reaction mechanisms (in this regard, Ukrainian President, Mr. Zelensky's participation has been important in the G7) - and others only newly emerged, such as the Artificial Intelligence and its economic, positive and negative effects and its consequences on democracy, as well as how to end human trafficking. In this context, even the city selected to hold the meeting acquired a specific meaning. As a matter of fact, Hiroshima was one of the two cities hit by atomic bombs. therefore the entire summit acquired a different meaning, i.e. no more war, only peace and no atomic bombs.

In the G7 summit in Hiroshima, three were the points discussed among all the countries: the role of China in supply chains, the relationship with the global south and global south's issues concerning the provision of energy, security and food security.

Regarding the first point, it is worth mentioning Ambassador's consideration. When Russia invaded Ukraine, Europe was heavily tied to Russia in energy, oil fields, and so on. One year after, Europe is gaining its independence but there is a price to pay for this acquired independence from Russia: a new dependence from China. Now, Europe has nothing to fear from China, but the real problem concerns the independence and autonomy of Europe. If we want to regain some economic autonomy, we have to rethink our dependence from some specific supply chain and also to rethink globalization as a panacea for solving problems, because globalization actually created problems that now we have to correct and solve.

Continuity between different G7's presidency is another aspect analyzed in the session. According to the Sherpa, there is a fair continuity between one presidency and others. There has been great care not to undermine the legacy of the Japanese presidency, as it will be in the next presidency, especially regarding some topics such as the Ukrainian conflict, economic security, food security, environment, which for sure will still be there. Some issues will arise more strongly such as migrations - coming from older agenda - gender issues, non proliferation and our relationship with Africa (with a change in the approach to the African continent, not anymore with a predatory and predatory



approach, but with a supportive approach for sustainable development without totalizing the action).

The Italian presidency will be a Mediterranean presidency, characterized by its relation to the Global South since they are a Mediterranean country. The main focus of the agenda will be their relation with the global south and three related topics: climate, energy and migration .

Despite being still an ongoing work, the agenda will surely deal with the civil war in Sudan, the war in Ukraine - especially initiatives concerning peace efforts, with China as mediator, Brazil or South Africa, but there is no magic solution. Furthermore, the conflict in Ukraine has been defined as a clear violation of the United Nation Charter and, in this context, Russia must take its own step back and come back to reality and the international community, whatever it takes.

Given also the membership of the **G20 Summit**, the relationship and cooperation between the G7 and G20 has been questioned. The Sherpa highlighted how important it is to discuss with the G20 on common subjects and also how the different membership in G20 is more favorable to establish a dialogue and cooperation between rich and poor countries, in particular in the current G20's Indian presidency. Moreover, the G20 agenda has an impact on the G7 agenda, as it will be demonstrated in the next Italian presidency agenda.

Session 2 – Development Cooperation in G7 agendas

- **DANIELE FATTIBENE**, Associate Fellow, Istituto Affari Internazionali-IAI
- **VALERIA EMMI**, Spokesperson, Global Call to Action Against Poverty
- **ANNA-KATHARINA HORNIDGE**, Director, German Institute of Development and Sustainability
- **PAOLO LOMBARDO**, International Cooperation and Development Finance Director, Cassa Depositi e Prestiti
- **TETSUSHI SONOBE**, Dean and CEO, Asian Development Bank Institute
- **FRANCESCA UTILI**, Head of International Financial Relations Directorate, Italian Ministry of Economy and Finance

In the second panel, the focus has been on climate change. Several perspectives have been presented and discussed. The first speaker, Anna- Katharina Hornidge (IDOS), asserted that the current population of earth, 8 billion, is not sufficient to tackle climate change. Therefore, new policies must be created and implemented, as well as different amount of money must be invested in the fight against climate change, according to



António Gutierrez, United Nations Secretary-General, \$500 Billion dollars are required to accelerate agenda 2030's implementation. Moreover, the International Monetary Fund (IMF)'s report confirms that around 3 trillion per year are required to tackle climate change challenges. Indeed a prompt and precise action by the international community is advocated, even though it is not clear how to act. However, Agenda 2030 and the Paris agreements act as guidelines and give a clear sense of direction. Other instruments useful to be recalled are the WTO rules and the EU Carbon adjustment with the emissions trade mechanism (ETM). In this context, the latter mechanisms are useful to stimulate the discussion around private investment and to reform the blending systems of public and private investments, like the World Fund. This instrument can ensure immediate coping activities, help economies in debt and poor economies, mobilize resources for migration and many others. From a G7 perspective, instruments like the **World Fund**, can be challenged, questioned, expanded and used as a basis for innovative policies.

Given the current state of discussion, it is possible to emphasize the role that past discussion had in G7 preparation. For instance, the COP 27 prepared the climate negotiations to be taken forward in the G20, as well as G20 prepared the field for the implementation of the EU Just Energy Transition.

As underlined by Francesca Utili (Italian Ministry of Economy and Finance), by looking at reforms and issues at stake, a reflection must be arised on how to better respond to challenges, which need supranational dimensions to be addressed and also by taking into account different countries' position. In fact, while some countries are asking to shoulder them for capital increases, low countries argue that they cannot develop and shift to middle income countries. In this case, there is a problem of **global challenges' definition**. Even food security is seen from different perspectives. Italy for instance has been following core demands from institutions, and considers interaction to eradicate poverty and share prosperity, affecting global challenges, keeping focus on resources but also considering other relevant aspects, such as the involvement of the private sector.

Regarding the report presented under Indian G20 presidency, the paper is still under discussion at the World Bank and at the Asian Development Bank, but its focus will be a framework for more investments and financing instruments.

According to Paolo Lombardo, Director Cassa Depositi e Prestiti, another important aspect to be considered is the interaction between partners and how this can be fostered to better answer future challenges. In this regard, some key points, such as sharing prosperity, food security, connected infrastructures, and many others., should be raised and discussed with partner countries, in this respect in G7. Moreover, the operational side of G7 should be



questioned. It refers to the ability of players to play and prepare policy innovations also in different regions. Indeed the contribution provided by top financial institutions, banks and association with other players plays a vital role. If we think of Europe, Europeans like European partners: we have a financial power of €20 billion together and, beyond resources, we have common views. Regarding the use of platforms, e.g. G7, G20, COP, platforms are seen as places where you agree on a strategy together and where you can engage with partners in emerging economies. The collaboration with partners can take place in both, in the private and public sector. Thus, when partners operate together in a private platform they can take knowledge and energies from the public one. A leading example is the public private cooperation established around the reconstruction of Ukraine. In May 2023, the G7 contributed to let heads of governments and states sitting at the same table for reconstruction and establish together a platform that will be announced in Ukraine's conference in London next month.

Tetsushi Sonobe, Dean and CEO, Asian Development Bank Institute, underlined three points in his speech. The first concerns the role of G7 as an indispensable forum in achieving global peace, development and democracy. G7 countries are also the ones providing more cooperation for south development. The second regards peoples' necessities, for instance, according to Mr. Sonobe, the G7 should know what people need on the planet and achieve a more environmentally friendly society. However it should be highlighted that the G7 is already active in this regard through engagement groups such as W7, THINK7, CIVIL SOCIETY7 and so on. These kinds of organizations are fundamental to establish long term objectives and agendas. The third point concerns the substantial difference between think tanks and states. While the first has a long time horizon, governments have a short time horizon and therefore they provide solutions rather than conveying different points of view. Nonetheless, G7 cannot yet be assessed, since we are talking about a relatively new forum that is trying to address the talent crisis, like energy, debt, fuel and climate crisis and especially the biodiversity crisis. Moreover, the difference between G7 and G20 should be taken into consideration. According to Mr. Sonobe, many topics discussed in the G7 cannot be examined in the wider G20. For instance, non proliferation and nuclear disarmament cannot be discussed in G20 due to its membership. The idea here is to extend G7 topics to the larger forum of G20 and thus to involve more countries in the important fields discussed in G7.

