

Center for Strategic and International Studies

TRANSCRIPT

Press Briefing

“Previewing G7 Leaders’ Summit in Hiroshima”

DATE

Tuesday, May 9, 2023 at 10:15 a.m. ET

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Note: *This transcript has been edited for clarity.*

Paige
Montfort: Hello, everyone. Good morning, good afternoon, good evening depending on where you're dialing in from. As our operator introduced, my name is Paige Montfort. I'm the media relations manager here at the Center for Strategic and International Studies, or CSIS, in Washington, D.C., and it's a pleasure to have you all on with us today for this press briefing previewing the upcoming G7 Leaders' Summit.

I've got a terrific group of expert colleagues joining me here today to share their insights and analysis. First, you'll hear from Matthew P. Goodman, CSIS senior vice president for economics. And he will be followed by Christopher B. Johnstone, our senior adviser and Japan chair here at CSIS. And then next up will be Dr. Maria Snegovaya, a senior fellow for Russia and Eurasia with the Europe, Russia, and Eurasia Program here at CSIS. And finally, we'll have Gregory C. Allen, who is the director of our new Wadhvani Center for AI and Advanced Technologies and a senior fellow in the Strategic Technologies Program here at CSIS.

Each of our experts is going to provide about five minutes of opening remarks and then we will open it up to Q&A for the remainder of the call. We will, of course, have a transcript as well, which I'll send out to everyone who RSVPed, and that'll also be posted to CSIS.org. Finally, I should like for everyone joining us today that we will also be hosting tomorrow morning – Wednesday, May 10th, at 9:30 a.m. Eastern – another press briefing to preview the Quad leaders summit to take place on May 24th in Sydney with four more of our expert colleagues, and we hope you all can join us for that call as well.

So now, without further ado, I'll turn it over to Matt to start us off.

Matthew
Goodman: OK. Thanks, Paige. And good morning/good evening, everyone. This is Matt Goodman. I direct the Economics Program here at CSIS and once upon a time was a G7 yak, or deputy director, in the Obama White House, so have been involved with these summits in the past.

So, the Group of Seven leaders will meet May 19th to 21st in Hiroshima, Japan. This is the 49th – if I did the math right – annual summit of the leaders of the seven largest advanced democracies – so, U.S., Japan, Germany, U.K., France, Italy, and Canada. They're still the seven largest advanced democracies in the world.

There will also be eight country – individual country guests invited: Australia and the Republic of Korea as the next two largest advanced democracies; India and Brazil as the largest emerging economies other than China; India and Vietnam as – I'm sorry, Indonesia and Vietnam as

important emerging markets in the Indo-Pacific region; and Comoros representing the African Union; and the Cook Islands representing the Pacific Island Forum. So, there'll be eight individual country representatives – which is more than usual, by the way – and then a bunch of international organizations: The IMF, World Bank, WTO, IEA, WHO, as usual, will participate in some of the events.

There have been – the G7 year runs from January 1 to December 31. There have already been five or six ministerial meetings, including a digital and tech ministers' meeting last week, that I'm going to come back to, and I think Greg is, as well. And there are four in the – four more ministerials in the next week, including the finance ministers in Niigata, Japan, this weekend. And then there are a bunch more through the rest of the year. So that's the G7, sort of, fun facts.

I think – to me, the headline is that after, you know, many years of drift, the G7 has found renewed common purpose in the wake of Russia's invasion of Ukraine last February. This is the second annual summit, after the one in Germany last June, since the invasion. Japan is trying to focus that renewed common purpose on two broad areas: First, aligning the advanced democracies to defend the international rules-based order, and second, outreach to the Global South: Latin America, Africa, the rest of Asia and the Pacific. So, those are the two uber-themes. An underlying theme here is pushing back against Russia and China's efforts to disrupt the existing order, and to assert their influence over countries near and further abroad.

So, the agenda, as always, covers a range of short- and long-term issues. In the shorter term, Ukraine, Ukraine, Ukraine. That's going to be the top issue on the – on the list. And my colleague Maria will talk more about that. Also, on the short-term list is the global economy. As always, the G7 leaders will talk about how to – what they are doing individually to boost growth, to tamp down inflation. Right now, there's a particular focus on food and energy security, and issues around developing country debt. I'm guessing those will be among the short-term issues discussed.

There will probably not be much on the subject of trade. I mean, there will be sort of standard language on that, but not much sort of new or exciting language on trade.

Longer-term issues: Japan is putting a particular accent on nuclear disarmament and nonproliferation, both because the summit is hosted in Hiroshima, the prime minister's hometown, and also because Russia has, you know, implied that it might be willing to use tactical nuclear weapons in Ukraine. So, Japan is very animated by this set of issues.

There will also – Japan is also putting a focus on economic security. This is in the interest of all the G7, you know, strengthening supply chain resilience, protecting critical technologies, critical minerals. Greg – my colleague Greg is going to say, probably, more about this later. And then countering economic coercion. I think those are going to be the big themes under economic security. We just did a big report on economic coercion, and if you want to talk more about that, I'm happy to in the Q&A.

And then other long-term issues: Climate change of course. This was a very big priority for Germany last year as host of the G7; a little, maybe, less so for Japan. It's obviously an important issue for them but they're also struggling with the energy – immediate energy needs in the wake of the Russia crisis and their own nuclear challenges.

And then other long-term issues, global health, which will focus on pandemic preparedness and response, as well as universal health coverage – UHC – which is a favorite Japanese topic that comes up every time they host – well, every year, but especially when they host – and then health innovation to try to promote vaccines and other solutions to some of these health problems.

And then there'll be a broader development agenda focused on – you'll hear the terms human security and human-centered approach to development a lot. That's the Japanese themes here. There may be talk about the World Bank roadmap to focus more on climate change and other global public goods. There may be discussion of infrastructure investment. That's a big – been a big theme in recent G7 years.

The final area that I'm just going to touch on and, again, Greg is probably going to talk more about this, is digital and technology issues. There was a ministerial of the ministers of digital and technology from the G7 countries April 29th and 30th and I would say – I'd highlight – there's a bunch of stuff that they pronounced on but I'd highlight two issues in particular, responsible AI and global AI governance. Again, that's a Greg issue. And then the other one is DFFT, or data free flow with trust. This is a concept that former Prime Minister Abe introduced a few years ago and the G7 wants to operationalize this concept through kind of a new institutional arrangement possibly housed at the OECD in Paris. So you're going to hear something about that.

Again, I'll just wrap up by saying, you know, these summits it's easy to be cynical about them. You know, there's probably not going to be a lot of great headlines coming out of the summit although, you know, there could be some upside surprises on a few specific things.

You'll certainly get some sort of agenda setting in the sense of saying these are important issues like Japan and nuclear issues, for example, or DFFT. And then, importantly, these summits are an opportunity to, you know, build habits of cooperation among these leaders and that's – so there'll be a particular focus, I think, on the bilateral meetings of several of these leaders and I'm guessing that's where a lot of the headlines will be.

So with that, I'll pass it on to Chris Johnstone.

Christopher
Johnstone: Great. Thanks, Matt.

Again, I'm Chris Johnstone. I'm the senior adviser and Japan chair here at CSIS. I'm going to focus my remarks on sort of the Japan angle, Prime Minister Kishida in particular, his role in these events and some of what I have to say will build on Matt's very good comments.

I think the first point to make is just simply that the G7 is an important event for Prime Minister Kishida. It's a rare opportunity for him to demonstrate some leadership, particularly so now, given as Matt said, sort of the revitalization of the G7 in light of the war in Ukraine.

Japan still takes a great deal of pride in its stature as the only Asian member of the G7. There's a digital countdown board outside the prime minister's office in Tokyo, which I think speaks to the prominence of this event, and Kishida will seek to use it to spotlight the particular concerns that he sees, that Japan sees, in the Indo-Pacific.

The summit comes at a time when Kishida's political standing has largely recovered from some political scandals in the ruling Liberal Democratic Party over the last year. Recent polls have his cabinet support rate back at around 50 percent. That's quite a recovery from where it was about a year ago, and I think he's developed sort of a reputation for steady competence, right? Japan has emerged from COVID in solid shape. Economic growth is slow but positive, in general a sense that he's been a pretty effective steward of the economy.

He's preparing to call an election likely later in the year and to do so to seek a mandate for two specific policy initiatives, one to increase taxes to support the defense buildup, which is unprecedented and has begun in the current fiscal year, as well as an ambitious childcare plan.

So this is in the backdrop of the G7 as well, Kishida preparing for an election which he sees as giving him a mandate to push on his domestic agenda. And so for Kishida I see really four areas where he will seek to demonstrate leadership during the G7 summit. Some of this will build on Matt's points.

First, of course, is the showcased solidarity behind the continued support for Ukraine. This has been a somewhat surprising priority for Kishida. He recognized from the beginning that a robust global response to Russian aggression was critical to deterrence in Asia; that there was a connection between the two, particularly after the Chinese and Russian announcement of a partnership with no limits back in February of 2022. Kishida's famous line at the Shangri-La Dialogue in Singapore last June, that "Ukraine today could be East Asia tomorrow," I think speaks to the mindset here. And folks may recall that he visited Kyiv at about the same time that President Xi was in Moscow. So solidarity on Ukraine will be important for Kishida as well.

Second, of course, is China. As noted, this is a once in seven years opportunity for Japan to really spotlight issues of concern in the Indo-Pacific, and certainly China's rise in revisionist behavior is at the top of that list.

The foreign ministers' G7 meeting a few weeks ago had very solid language on Taiwan. I think you can look for similar language at this leaders meeting; perhaps also language referencing the East China Sea, the South China Sea, particular concerns for Japan and, as noted, there will be a heavy focus on economic coercion as well, though this may be less explicitly linked to China. We'll see how that plays out in the final text.

I think there is a broad sense of converging threat perceptions related to China between Europe and the Indo-Pacific, and Kishida will seek to sort of capitalize and showcase that. And I think really the strength and the coherence of the message on China will be something of a metric, I think, for Kishida's leadership at the G7 this year.

Third is, as Matt said, outreach to the Global South. This has been a major theme for the Japanese government of late where Japan believes that both China and, to a lesser degree, Russia, are making inroads with economic assistance and anti-West messaging. They will be particularly focused on ASEAN and South Asia, but also elsewhere. Kishida was just in Africa, for example, where he visited four countries. And Matt noted the other guests that are being included. This got little notice, but in a policy speech that Kishida delivered in March in India, he made a pledge to mobilize \$75 billion for infrastructure in the Global South by 2030. So this concept of pushing back on Chinese influence, sustaining the rules-based order in the Global South will also be a big scene.

And then fourth, as Matt said, is nuclear disarmament. Kishida is from Hiroshima, believes deeply in the disarmament agenda. He was Obama's tour guide when he visited with Abe to Hiroshima in 2016, and here, of course, Kishida is walking a fine line. He recognizes the need for the

nuclear umbrella, Japan's dependence on U.S. extended deterrence; that that's more vital than ever, frankly, in the current security environment, but he still does uphold this vision, if you will, of a world without nuclear weapons. And so I expect there will be some event involving the leaders that spotlights Hiroshima's history and the dangers of nuclear use.

Finally, just a word on some of the diplomacy that will take place on the margins of the G7. Most significant will be the plan for a trilateral meeting with Kishida, President Yoon from South Korea, and President Biden. This will be their third, builds on the really very significant momentum in Japan-South Korea ties that were sort of manifest in Kishida's visit to Seoul over the weekend.

One of the interesting things, I think, is side activities: Kishida and Yoon will visit a small memorial at Hiroshima that honors Korean victims of the atomic bombing. This is significant, because many of those victims were laborers brought to Japan during the colonial period, so having both the two leaders visit together is a meaningful gesture.

Dr. Maria
Snegovaya:

Sanctions are likely to feature prominently at this G7 meeting. The G7 will invite Ukrainian finance minister Serhiy Marchenko to participate in a session on the global economy. I expect key issues will be sanctions compliance and enforcement, especially in non-aligned, Global South countries, as well as potentially lowering the oil price cap, which Ukraine is pushing for.

While the G7 countries deserve credit for the sanctions imposed on Russia, importantly Russia still maintains capacity to fight this war in the long term. The war is relatively cheap for Russia: up to 5% of GDP based on existing estimates, that is easily manageable for Russia in the next couple of years at least, and the cumulative effect of sanctions is just not strong enough to radically alter that, even if following the EU oil embargo and oil price cap Russia's budget is experiencing deficit.

By our assessment, we are tracking the following impacts of sanctions on Russia's defense: First, they work by creating shortages of certain higher-end components and forcing the Russian defense sector to substitute them with lower-quality alternatives. Second, they still allow Russia a remarkable degree of adaptability - through preexisting stocks of components/weapons system as well as help in circumventing sanctions by third countries. Third, sanctions have made Moscow opt for a slower-paced attritional campaign and more defensive rather than offensive posture. Russia cannot afford another blitzkrieg in Ukraine but still hopes that in the long term it will be able to exhaust Ukraine's and the G7's resolution.

Russia has demonstrated since the start of the war a remarkable degree of adaptability to Western sanctions and, unfortunately, this situation is likely to continue. Instead of opting for maybe, again, continued offensive operations in Ukraine, sanctions are forcing Russia to take a more defensive approach at least to try and preserve the territories Russia has already occupied. And as a result, Moscow is forced somewhat to opt for a slow-paced attritional campaign that will allow it to slowly, you know, suck blood, if you will, from both Ukraine and also the allied countries, the G7 countries.

So one of the topics that may come up in this regard is how do, essentially, we prevent Russia from achieving its goals in, again, sustaining this slow-paced attritional campaign. And sanctions will – and the ability of the West to enforce the sanctions – will play a highly important role in that regard. As I mentioned before, we are talking about forcing countries that are still helping Russia to circumvent sanctions to comply with the current existing design and potentially imposing stricter requirements when it comes to the oil price cap, for example, to further decrease the revenues that are available to Russia.

Last but not least, one issue that remains unresolved when it comes to the Western commitment to support Ukraine is what the goals are – really, what are the, really, goals that the G7 countries are trying to achieve in this war. When you ask policymakers, they will always tell you that Ukraine gets to decide. But Ukraine has already decided on multiple occasions, right, that it wants its territory back. The extent that it's able to achieve its goals, though, is highly contingent on the Western supply of the weapons and the maintenance of the sanctions regime, right?

So it would be great to see the supporters of Ukraine, the G7 countries, to actually give some clarity in that regard, and actually to decide for themselves how much they're willing to assist Ukraine in actually achieving those goals. As great as Western supply of aid has been in the recent months, unfortunately it's still not enough to fundamentally alter the situation on the ground. As I mentioned before, Russia still maintains a capacity to fight the slow-paced attritional war. Ultimately it would be great to see the G7 countries to get more decisiveness in that regard. And I'll stop here. Thank you very much.

Ms.
Montfort:
Gregory C.
Allen:

Great. Thank you so much. And over to Greg.

Hi. I'm Gregory Allen, the director of the Wadhvani Center for AI and Advanced Technology here at CSIS. And I'm going to focus on two issues that are playing a prominent role at this year's G7 summit. And that is the issues of artificial intelligence and then also aligning export controls on

semiconductor technology, which is also directly related to artificial intelligence.

So leaders around the world are reacting to the astonishing pace of technological progress in artificial intelligence. Most recently and notable, generative AI systems, like ChatGPT, have attracted the attention of world leaders. And indeed, prime minister – Prime Minister Kishida recently met with OpenAI CEO Sam Altman, which is the company that created the system, ChatGPT.

And there are two broad goals that the G7 has with respect to AI. The first is to maximize the beneficial adoption and use of AI. Most of the G7 countries have declining labor forces, which means that unless they find a way to either increase their labor force or increase the productivity of their labor force, their long-term economic prospects are much worse. And AI has probably more potential as a productivity-enhancing technology than anything else currently going on in the global economy. So G7 leaders are looking to adopt AI for the benefit of their economy and for the benefit of providing government services.

At the same time, they're seeking to minimize potential risks related to AI. There are a number of really important regulatory efforts going on in the G7 countries, most notably the European Union is debating and finalizing the EU AI Act, which is a significant piece of legislation that, at least in its current draft, could potentially fine firms up to 6 percent of global revenue for failing to comply with its measures. So this is a really strong piece of regulation. And also in the United States, Senate Majority Leader Chuck Schumer has recently announced a major effort on AI regulation.

And at the G7, all the countries are, of course, sovereign and going to come up with whatever regulations their normal government processes pursue. But at the same time, these leaders want to ensure that there's some degree of regulatory interoperability, and something resembling a coherent, interoperable framework for these different types of regulatory measures. And Prime Minister Kishida, in his public-facing remarks recently, said that these international rules need to be created. And to the extent that they can be aligned and made part of a coherent, interoperable framework, that's all very desirable.

These were goals that were officially stated in the outcomes of the Digital Ministerial Meeting on April 29th and 30th. And originally, AI was only going to be discussed at the digital and tech ministers meeting. However, following Prime Minister Kishida's meeting with Sam Altman, and also following a letter sent by members of the European Parliament calling for a high-level summit on the issue, generative AI has been added to the agenda

of the leadership summit. So it will be on the agenda for the summit in Hiroshima as well.

But the other major topic that is going to feature prominently related to AI deals with the October 7th export controls that the United States placed on China related to advanced AI and semiconductor technology.

This is important because all AI software somewhere runs on semiconductor hardware and the United States has identified China's use of advanced U.S.-designed and generally Taiwanese-made semiconductor chips as sort of one of the key locus of control related to China's use of AI for advanced military, surveillance, and espionage applications.

And so these export controls recently became multilateral as countries like Japan and the Netherlands announced measures that restricted semiconductor manufacturing equipment that is broadly in alignment with the export controls that the United States adopted on October 7th.

Now, it's important to mention that in their announcements of these export controls neither the Netherlands nor Japan explicitly announced that the export controls were targeted at China. But Japan has repeatedly said that aligning export controls is something that is on the G7 agenda and is one of their priorities for doing it, and semiconductors are among the highest priorities in multilateral export control alignment right now.

Part of the reason why this type of discussion is taking place in the G7 is that the traditional multilateral coordination mechanism for export controls, the Wassenaar arrangement, is really struggling to adapt to the new geopolitical environment because its decision-making model is based on consensus and Russia is a member of the Wassenaar arrangement. And so, naturally, as the current target of many multilateral export controls Russia is preventing any effective updating of the Wassenaar arrangement and is blocking the types of measures that Japan, the United States, and the other G7 countries are interested in pursuing.

Finally, I would just point out that they are also in the semiconductor arena and in the technology arena more generally seeking to prevent, as Matt mentioned, Chinese economic coercion, and one previous speech from the general secretary of the Chinese Communist Party, Xi Jinping, from April 2020, I think, will loom largely in the minds of these leaders in which Xi said, "We must tighten international production chains' dependence upon China," and that consideration, how they can build resilient technology supply chains that minimize the vulnerable dependence upon China, is one of these issues that they're going to be wrestling with in AI technology and semiconductor technology.

And I'll stop there. Thank you.

Ms. Montfort: Great. Thank you so much, Greg, Maria, Matt, and Chris.

And I'll turn it back over to our AT&T operator and we'll get everyone queued up for questions.

Operator: (Gives queuing instructions.)

And just give me a moment here for our first question and then go first to Steven Overly with Politico. Please go ahead.

Q: Hi. Thank you for doing this call. I actually wanted to ask two questions, if I may, the first for Matt and/or Greg.

I wondered if you might elaborate a bit more on what you think the G7 could accomplish around economic coercion and whether there is agreement among the G7 countries as to kind of what – you know, what the problem is and what needs to be done.

And then my second question, if you all might address, is, you know, the White House said today that President Biden is stopping in Papua New Guinea during his tour of kind of South Asia and Southeast Asia, you know, later this month. And I wonder if that strikes you at all as significant given, you know, they're saying he's the first sitting president to visit a Pacific Island nation.

Thank you.

Mr. Goodman: Thanks, Steve. This is Matt Goodman.

On your first question, as I think both Greg and I said, economic coercion will, I'm fairly confident, be mentioned and have the sort of subsection or paragraph in the G7 leaders' communiqué. I suspect it won't be highly detailed, but it will note that this is a recurring problem, that, you know, the advanced economies are determined to – you know, to take actions to deter it.

And as we said in our report, a lot of the – we think the power of deterrence in this case is largely in trying to make vulnerable countries more resilient to Chinese pressure by giving them more trade opportunities, alternative markets, and helping them sort of map their vulnerabilities, and in other ways, strengthening their resilience, and then, also, potentially providing some relief, if a country is coerced. And that can take the form of, you know, a statement of support, or a WGO case, or

possibly even some funding. So, you might see some references to those sorts of resilience and relief measures.

And then, obviously, the third R is retaliation. That's something, in our report that we issued in March, we felt, at the end of the day, isn't going to work, and isn't what our partners really want from us. Because if we retaliate, then, you know, they will be the ones who will then be further bullied and victimized. But that will probably be something that will be alluded to, because the leaders are going to probably want that in their toolkit, as well.

I don't think it's going to get highly specific, but I do think there will be, you know, some mention of the problem, and sort of a shared concern and determination to, you know, to work together to push back against it in those ways.

And then I'll just say one word – but Chris may have other thoughts – on Papua New Guinea. Papua New Guinea is, you know, broadly part of the Pacific Island realm, although, a little different from others in that regard, but still part, I think, of that broad Pacific region where I think there is an intense focus in this administration to try to, you know, spend more time there, provide more economic offerings to help those countries.

And I think the particular significance of Papua New Guinea is in – it's a member of APEC, the Asia-Pacific Economic Cooperation forum, which President Biden is hosting in San Francisco in mid-November. And so I suspect there's sort of a connection there in trying to, you know – you know, offer U.S. support and interest in that country ahead of that summit later in the year.

But Chris may have other thoughts on that.

Mr. Johnstone: Sure.

Mr. Allen: Hi, this is Greg.

Oh, sorry. Go ahead, Chris.

Mr. Johnstone: No, go ahead, Greg. I'll follow up.

Mr. Allen: Sure.

So, in addition to what Matt said on relief and retaliation, when it comes to countering economic coercion, I'll just point out one other measure that I do think is important in the specific case of semiconductors, which is coordinated investment.

The United States is spending tens of billions of dollars through the CHIPS Act to support the U.S. domestic semiconductor industry. Japan isn't spending that much, but they're preparing a major investment vehicle, as is Europe. And in all of this, the opportunities and the benefits of that investment go up significantly, if that investment is coordinated. And the potential for that investment to counter China's potential for economic coercion goes up significantly, if that investment is coordinated.

In semiconductors, China cannot make the most advanced node semiconductors, but they are a very important supplier of legacy semiconductors, which are important for automotive, aircraft, and also any kind of electronics device in which performance isn't the primary criteria for the purchase. And China has sort of an explicit goal of building up a dominant position in legacy semiconductor production, and that has really significant economic coercion potential. You know, during the COVID supply chain disruptions, the U.S. Department of Commerce estimated that just the shortage of legacy semiconductor chips directly shaved a full percentage point off of U.S. GDP in 2021. And so, if China was to, as it intends to, build up a dominant position in legacy semiconductor fabrication, that is a significant vehicle for economic coercion, and coordinated investment by the G7 countries could help mitigate that potential outcome.

Over.

Mr. Johnstone: I'd just say, quickly, on Papua New Guinea, I do think it's significant. This will be the second stop of three, then goes on – the president goes then goes onto the Quad in Sydney. And I builds on the summit meeting that the White House hosted with Pacific leaders last August.

This is a part of the world that the U.S. has traditionally, frankly, neglected. We have historic and close ties with three countries in the North Pacific but have largely neglected the South Pacific. And as a consequence, it's also been an area where Chinese influence has been growing, with a negative impact on governance in some locations, like the Solomon Islands, as well as the potential for establishing security footholds. So this is an opportunity to push back on all of that. I understand that a number of Pacific Island leaders will join the president in Papua New Guinea. And so we'll, hopefully at least, sustain U.S. interest in that part of the world. Over.

Ms. Montfort: Thanks so much. And we'll go to our next question.

Operator: And that'll come from George Condon with National Journal. Please go ahead.

Q: Great. Thanks much. I have two questions.

One, how much does the U.S. debt crisis hang over this summit and cause concern over impact on the world economy? And plus, you know, Japan has seen this movie before, when President Clinton cancelled going to a Japan-sponsored G7 in 1995 because of a government shutdown.

And then the second question is, to what degree will we see even behind the scenes concern over the growing – the American presidential election, as it develops, and concern over whether they're going to see a return of President Trump?

Mr. Goodman: Well, this is Matt.

Ms. Montfort: I think, Matt, do you want to take it first?

Mr. Goodman: Yeah. Matt Goodman, again. This wouldn't be a press conference without a great question from George.

So I think the – (laughs) – for sure the U.S. debt ceiling issue will be a topic of conversation and concern at the G7 summit. I don't think – at least, I don't have any reason to believe that the president is going to cancel this trip because of it, since the deadline or – you know, the Clinton example you gave, the government was already shut down, and it was kind of in the middle of a crisis. That this is not quite there yet. (Laughs.)

But it will certainly be a topic of conversation. I'm sure the other leaders will ask, you know, how serious this risk is. And I assume President Biden will say he's working on it, and doing everything he can to avoid it, and it's sort of unthinkable that the U.S. would default on its debts, and probably try to reassure them that that's not going to happen. But, yes, it will be a topic of conversation I, sort of, definitely think in the context of talking about global economic risks.

And just – you know, I'm not a political analyst, and won't venture there, but other than to say, you know, among G7 partners there are already, you know, questions about what's going to happen in the 2024 election. And I'm sure that will – that will – that will be another sort of theme hanging over the discussions. But I doubt it will be, you know, much of a topic of actual conversation, and certainly won't be talked about in any sort of public releases from this.

Operator: And next we can go to Patsy Widakuswara with Voice of America. Please go ahead.

Q: Hey, thank you for doing this and thank you for taking my call. I just have two follow ups from my colleagues' questions on Papua New Guinea as well as the debt ceiling.

So the Papua New Guinea stop, is there a specific goal that President Biden is seeking with these Pacific island leaders? How much of this stop will be – I mean, I think Greg mentioned it early – but how much of it will be really geared to reclaim the region from China? And are there any specific tools, specific initiatives that we know of at this point?

And then, on the debt ceiling impasse, if Matt – if you could just throw in a few quotes for my spot story today. Just how concerning is the global impact of a potential U.S. default, particularly regarding, you know, the economies of the invitees of the G7, Indonesia, India, Brazil? What kind of shock waves are we expected on the financial markets, particularly for these developing nations? Thanks.

Mr. Goodman: Chris, do you want to start on Papua New Guinea and I can add something if you want? Or I can –

Mr. Johnstone: Yeah, I actually don't have a lot to add. Paige, jump in on this, but I believe that our next press call is going to focus on the Papua New Guinea stop and the Australia visit.

Ms. Montfort: Yes, absolutely.

Mr. Johnstone: So I don't have much more to say than what we've said.

Mr. Goodman: I mean, the only thing I'll say – this is Matt, Patsy. The only thing I'd say is that I think the Biden administration has been at pains to stress that it is interested in the Pacific islands for their own sake, and not just as a matter of "taking them back from China," quote/unquote. But, you know, that's probably an underlying theme, but not one that I think the administration wants to – wants to be too explicit about. And I assume that there will be an emphasis here on, you know, the impacts of climate change on that region, and solutions to that. You know, including sustainable infrastructure investments and so forth, I assume will be part of the issues that will be highlighted, if not, you know, have offerings associated with them. So I'm guessing that it will be, in terms of substantive issues, that's what it will focus on.

And then I don't really want to give you a snappy quote on the debt ceiling. (Laughs.) I mean, I think – I think – let's just say, I think everybody understands that it would be – it would be devastating to the global economy and financial markets if we were actually to default on our debt. And I'm sure there's widespread agreement on that, and concern about it in

general terms. But I don't think there's going to be – you know, I think the president, if that question comes up, is probably going to, you know, reassure the leaders of those countries that this is unlikely to happen, and he's doing everything he can to – you know, to prevent it. So, you know, that's the best I can do.

Ms. Montfort: Thanks so much, Chris and Matt. I think we have time for just one more question. I know we're a bit overtime, but we'll take one more if we can. Thank you.

Operator: I'll go to Howard LaFranchi with Christian Science Monitor. Please go ahead.

Q: OK, well, thanks so much for squeezing me in. And I'll drop my debt ceiling question.

And the other thing I really wanted to mine a little bit – and, Matt, I think mentioned that food security – the food security question will come up. And, you know, if anything, you know, the problem has just worsened. Now we have Sudan, you know, sending hundreds of thousands – potentially, hundreds of thousands of refugees out of neighboring countries that are already suffering. The grain deal – the Ukraine-Russia grain deal needs to be extended. And, you know, just all these elements. And so I'm wondering – and but you also mentioned that relations – for Kishida, you know, relations with the Global South are important. So, you know, how specifically might this be addressed? You know, will it just be lip service, or can we expect anything concrete?

Mr. Goodman: Well, you know, this is Matt. I won't bluff to you. I'm not following the food security issue closely. Our colleague, Caitlin Welsh, I would – Paige, if you are able to hook anybody interested in talking about these issues up with Caitlin. Who, by the way, is also a former G7 yak. She used to work on G7 issues at the White House, but she currently runs our food security program.

I mean, I think in general it will be a very high priority and, as you say, in the context of global economic disruption in the short term, but specifically the challenges for the Global South. And I'm sure they will – the G7 leaders will emphasize the importance of, you know, more resilient food security issues and, you know, try to address the vulnerabilities in the global food system. But beyond that, you'll have to ask Caitlin.

Ms. Montfort: Thank you so much, Matt. And I think we will stop it there. Thank you to the rest of you who are queued up for questions. Feel free to reach out to me, Paige Montfort, if you were not able to ask your question today, and I'm happy to put you in touch with one of these four experts or another of

our colleagues. I really appreciate your time today, and everyone dialing in. As a reminder, I'll send out a transcript within just a few hours today. It will also be posted to CSIS.org. And please do tune in tomorrow if you're interested in the Papua New Guinea stop, or any other aspects of the Quad summit. We will be doing that briefing tomorrow at 9:30 a.m. eastern.

Thank you, everyone, and have a nice day.

(END)