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TRANSCRIPT
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Alex Kisling: Hello, everyone, and welcome to the CSIS press briefing previewing the upcoming G-7 leaders summit. I'm Alex Kisling. I'm vice president of communications here at CSIS. And I'm joined today by a great lineup of CSIS experts who will share their expectations and thoughts on what to look for going into the G-7, and what we can expect to come out of the summit, and much more.

Just a couple of housekeeping notes before we get started. Each of our speakers will offer several minutes of introductory remarks, after which we'll turn to your questions. If you want to ask a question, please type it in the Q&A window or raise your hand to ask it verbally. We'll also be distributing a transcript of today's call shortly after its conclusion. The transcript will also be made available on CSIS.org.

With that, let's go ahead and get started. I'll turn first to Victor Cha, president of the Geopolitics and Foreign Policy Department and Korea Chair at CSIS. Victor, over to you.

Victor Cha: Thanks, Alex, and thank you all for joining. My role here really is just to just get us started before we get to the meat and substance of the discussion with our experts. You know, I think everybody's sort of looking forward to this summit in Canada next week. There is much more, I think, fair to say, increased significance of the G-7 as a global governance institution today when compared to years past, in large part because many of the other institutions that we think of when we think of in terms of global governance, like the G-20 or the U.N. Security Council – which has been stymied by Russia and China.

The G-20 had lots of high expectations when it was brought together at the time of the financial crisis. It has since also been stymied by geopolitics. Groupings like the World Trade Organization have not been very effective in terms of managing or dealing with the weaponization of trade by both the United States and China. And then, of course, the new role of the United States in global governance, or the decreasing role that the United States wants to play in terms of global governance, all increasingly make the G-7 a much more significant institution, with much higher expectations.

If we actually look over the past few years, with wars in Europe and in the Middle East, and China's assertiveness, among other things, many, many of the issues related to global governance have defaulted to the G-7, if we look at recent G-7 summit statements, including things like secure supply chains, sanctions with regard to Russia's invasion of Ukraine, coordinating on norms with regard to the use of artificial intelligence, combating economic coercion, countering disinformation, bolstering cyber defense and cybersecurity, enhancing digital competitiveness. These are just a sample of the issues that G-7 leaders have increasingly taken on over the past about half-decade or so.

And I would add that this is a much more ambitious list of priorities than when the G-7 was formed many years ago, really as sort of a club of democracies, rich democracies, focused on macroeconomic policy, the U.S. currency, things of this nature. So I certainly expect that the summit next week in Canada will tackle all of these issues, and more. I'll let my colleagues speak to what the Canadian leader has said of the priorities going forward.

I will say two last things. First is, though, there's a very ambitious list of things that Canada, as the host, wants to accomplish in next week's three-day meeting. That will certainly be the text of the G-7 summit. But the subtext, of course, will be President Trump and the tariffs that he has levied on every one of the G-7 countries, including the host and including Mexico, whose president, Sheinbaum, has also announced that they're going.

The last time – I'll remind all of you that the last time that President Trump went to a G-7 summit in Canada, he really kind of blew up the meeting. He arrived late. He called for Russia's reentry into the G-7. He dissed Canadian Prime Minister Trudeau, and also did not sign on at the end to the G-7 leaders' statement. So we also could be in for some fireworks at this G-7, given the overhang of the tariff issue for all of the G-7 countries.

The second and final thing I'll say by way of advertisement is that CSIS, including people like Max Bergmann and Caitlin Welsh on this call, has been doing a project on reform of the G-7. Dr. Hamre and I, as well as John Ikenberry of Princeton, have a piece coming out on this in Foreign Affairs either tonight or tomorrow, which essentially talks about how the G-7 needs to expand its membership, formalize its processes, and create linkages with the middle and emerging economies in the Global South and in other parts of the world in order for it to really fulfill this role that its leaders would like it to fill as sort of a very important institution of global governance going forward.

So we're happy to share that as soon as it comes out. But it is really sort of a forward look at what a rematch in G-7 would look like, and given the current environment in which its role has become more important in the context of the underperformance of other institutions and the United States, which is receding from this global-governance role.

So with that, Alex, I'll turn it back to you. Thank you.

Mr. Kisling:

Great. Thanks, Victor.

Next up we have Navin Girishankar, president of the CSIS Economic Security and Technology Department. Navin, go ahead.

Navin
Girishankar:

Thank you, Alex. And I'm going to build on the very good comments of my colleague Victor Cha.

From my perspective, the core challenge for the Canadian presidency of the G-7 (and for the other non-U.S. partners) is how to maintain the policy alliance amid the U.S. administration's aggressive and volatile trade strategy, which Victor referenced, its efforts to remake the global trading system, as well as its stance on other global issues such as climate change and Ukraine.

If the communique of the G-7 finance ministers from the Banff meeting in May was any indication, there is a way to thread the needle. And it will likely involve acknowledging the longstanding 'need to address excessive imbalances and strengthen macroeconomic fundamentals', while emphasizing common economic-security issues that do not overtly question the U.S. trade stance.

So let's take the issue of excessive imbalances. While we can expect similar language in the communique coming out of the June 15th meeting, there is still a wide chasm between the U.S. and other G-7 partners on tariffs: it's unlikely that the partners will chart a path to resolve those imbalances, including through a coordinated trade, fiscal and monetary policy accord, or what some have called Secretary Bessent's encirclement strategy by which the allies go together to negotiate with non-market actors such as China.

Rather, if the ongoing talks in London between the U.S. and leads to a détente on tit-for-tat export controls, we can expect the U.S. administration to arrive at the G-7 somewhat emboldened and more inclined to put pressure on G-7 allies, for instance, on burden sharing with respect to the defense umbrella or on trade adjacent issues.

That said, Prime Minister Carney's list of priorities for the summit does offer a productive basis for the summit if it can be ring-fenced relative to the volatility that we've already referenced. Here are four core issues that are in the prime minister's list of priorities: first, fortifying supply chains in particular critical minerals; second, ensuring leadership on AI and quantum to unleash productivity-led growth; third, countering foreign interference including transnational plot crimes and including financial crimes; and, fourth, mobilizing private investment for infrastructure and opening markets. Let me comment briefly on each of these.

With respect to bolstering supply chain resilience, a key feature of the G-7's economic security agenda for some years now, there appears to be convergence on critical minerals. As we know, critical minerals are the backbone of high-tech industries from electric vehicle batteries to semiconductors, and the U.S. is keen, along with the other G-7 partners, to secure supply chains given China's dominance particularly around

processing. So even if a floor is established with China on export controls on rare earths, the long-term interest of G-7 partners is to do more to identify and extract rocks in the ground, and process them increasingly domestically within G7 countries.

The Ukraine critical minerals deal, along with a reconstruction fund, could provide a precedent for multilateral investment strategy among the G7 partners. While the likelihood of a pooled G-7 fund is probably very low, there would strong support for coordinated investments including with the help of the World Bank. Other areas we should look for including supply chain resilience in semiconductors and pharmaceuticals.

The communiqué does mention digital transformation and emphasizes innovation in AI and quantum technologies– welcome development. The triad of AI, quantum, and chips will have a compound effect across economies, industries, and firms. The key questions for the G7 are: (i) whether they will support cooperative R&D and R&D commercialization; how they will address approaches to AI regulations and standards; and how countries address the potential labor disruptions associated with AI diffusion.

Let me end with one point, which is on private flows and infrastructure. This is a priority that has been addressed in the past through the G7's Partnership for Global Infrastructure and Investment and it has now found its way into the list of priorities that Prime Minister Carney laid out. It is worth watching whether the G7 does more than exhort the investment community to invest in the Global South or in technology value chains. Will the partners support a robust policy reform agenda to foster enabling environments of investment.

With that, I will pause and hand it back to Alex. Thank you.

Mr. Kisling: Navin, great. Thank you so much.

Next up we have Max Bergmann, director of the CSIS Europe, Russia, and Eurasia Program. Max, over to you.

Max Bergmann: Great. Thanks, Alex. Thanks, Navin. Thanks, Victor.

Maybe just to offer kind of how I think the Europeans are approaching the G-7. Of course, there's more than seven members of the G-7 because it involves EU members France, Italy, Germany, as well as the European Commission President Ursula von der Leyen and then the European Council president.

So there's five from the EU and then there's also now the United Kingdom outside of the EU. So how are the Europeans, I think, approaching this? I would maybe hit three points.

First, I think the big X factor are the looming tariffs, especially against the European Union. The U.K. has already agreed to kind of a side deal, but the looming tariffs in the current negotiations or arguments happening between Brussels and Washington, I think, is a big distraction. I mean, part of the G-7 is supposed to provide global economic governance. And the way the Europeans see it right now is that the country that's the source of major instability in global economic affairs is the United States. And so I think there is hope on the European side to maybe make some progress or to alleviate some of the – some of the conflict that is happening over the economic and tariff discussion.

The second big issue for the Europeans is going to be Ukraine. So President Zelensky has been invited by Prime Minister Carney to come to the meeting. Just today, the European Commission has announced a new bevy of sanctions, including an effort to lower the oil price cap to, I believe, \$50, or perhaps \$45 a barrel, down from 60 (dollars). And the oil price cap was done in December 2022. And that's basically to force Russia, when it sells its oil on global markets, to take a haircut, to reduce the amount of income that Russia then generates from those – from the profits of its oil sales, but to also try to keep Russian oil on the market so we don't have a broader spike in prices.

The Europeans are going to try to put that on the agenda, and try to get the G-7 countries to agree to it. And the big question is, what does the United States say? Does the United States support that? I think it's – right now there's no indication that we're going to support that, but I think they're going to try to press the U.S. on that question. And we saw the new German Chancellor Friedrich Merz, in his first visit to Washington last week, bring up Ukraine in the effort to try to keep the United States engaged in supporting Ukraine. So I think there will be an effort by the Europeans to sort of prod the administration about Ukraine, about Russia, about Russia's ongoing attacks on Ukrainian cities, and to see if the – where the president lands and where the Trump administration lands vis-à-vis Ukraine and Russia. So that, I think, will be a very important topic.

It's also worth noting that this summit is going to happen just a few weeks – a week before the NATO summit, that is going to take place in the Hague. And there, the Europeans are about to sign up, or are likely going to sign up, to try to effectively appease Trump, to agree to spend 3.5 percent on defense, and then there's another 1.5 percent that will magically sort of get them to the 5 percent number that Trump is demanding Europeans spend on defense. This is all sort of in an effort, I think, to really both appease Trump and hopefully get him committed to the NATO alliance, and to minimize

some of the discord that has occurred at previous NATO summits, but also is a recognition of the potential lack of U.S. commitment to the alliance.

So one of the big questions here for the Europeans, this is the first big international summit that the president has attended with various allies and partners of the kind of set-piece summit format, is to see how committed is he to them, to alliance structures like the G-7. And our allies and partners in Europe are really questioning the U.S. commitment. And they are asking themselves, is this – is this a relationship that is going to be maintained? And is there interest on the administration's part, the Trump administration, to continue the alliance structure the way it has operated, at least in the G-7 case, for the last 50 years.

And so this leads to the kind of broader probing of where does Trump stand vis-à-vis allies and partners. And this is the third point. Where does he stand on allies and partners, and what is the kind of broader mood music from this? The previous G-7 summits, as well as NATO summits, were sort of awkward family gatherings. Europeans tried to minimize how much was discussed, to sort of get in, get out, and hopefully there's no blow up. And the question now, I think, is not so much is this an awkward family gathering. I think that's almost a given. I think the question is, is this still a family?

And that is what they're going to be probing. Do we share – do we, the United States, share the same values and outlook as our European partners, as well as with Japan? So that, I think, is going to be the broader, overarching question that European countries, when they attend this summit, and European leaders are going to be probing, to see how things sort of shake out.

And, with that, why don't I turn it back to Alex?

Mr. Kisling: Max, thanks. We have one final speaker, after which we'll turn to your questions.

(Gives queuing instructions.)

So, without further ado, our final speaker is Caitlin Welsh, director of the CSIS Global Food and Water Security Program. Caitlin, go ahead.

Caitlin Welsh: Thank you, Alex. Hi, everybody.

I'm Caitlin Welsh, as Alex said, and today I'm going to be putting aside my food and water hat to put on my G-7/G-20 hat because I served on the National Security Council and National Economic Council during the first Trump administration as director for global economic engagement with responsibility for the G-7 and G-20. For anybody familiar with G-7 lingo, I

was part of the G-7 sherpa team as G-7 yak, and I was on the ground with the Trump administration in its last overseas G-7 summit in 2019. But today I want to talk about the last G-7 summit that Canada hosted, the 2018 Charlevoix G-7 Summit, and the long shadow that it casts over this year's Kananaskis G-7 Summit, building on some of the comments that my colleagues made already.

Turning to that 2018 summit, you may recall one photograph of G-7 leaders that went viral. It was a photograph of Germany's Chancellor Angela Merkel perched above a table speaking down at President Trump, who is, arms crossed, looking up at her. He was flanked by National Security Advisor John Bolton and National Economic Advisor Larry Kudlow, with Prime Minister Abe looking on. This photo captured the acrimonious spirit of that summit.

Prior to the summit the United States had announced tariffs on allies, including Canada and the EU, which both President Macron and Prime Minister Trudeau had publicly disputed. That summit concluded with a communique that was negotiated by G-7 leaders, but at the post-summit press conference Prime Minister Trudeau vowed to move forward with retaliatory tariffs on the United States. And upon hearing this, President Trump tweeted from the airplane that he had instructed his team on the ground, quote, "not to endorse the communique as we look at tariffs on automobiles."

So the 2018 G-7 leaders communique without U.S. endorsement was the first and only leaders communique in G-7 history that was not endorsed by all G-7 leaders. The G-7 represents the world's largest industrialized democracies and exists in large part to speak with one voice, except in 2018, the last time that Canada hosted the G-7.

This had impact on the G-7 in several ways. First of all, Trump very well communicated to the G-7 and to other multilateral bodies, including the G-20, that the administration was serious when it said that no deal is better than a bad deal, however the administration defined a bad deal, and that consensus outcomes could not be taken for granted in the G-7 or G-20 or other bodies. It also shaped the G-7, in a way. Following the 2018 G-7 summit, outcome documents tended to be shorter so that they were less time-consuming to negotiate but also included less text that members of the – members of these bodies, including the United States, could disagree with. The following year, in 2019, the G-7 leaders outcome document was just one page long – and, yes, President Trump did endorse that outcome document for the G-7 summit that was held in France that year.

Turning from history, moving forward to this year's G-7 summit, today the Trump administration almost certainly believes that no deal is better than a bad deal, and it continues to prefer a back-to-basics approach to the G-7, as it

used to call it back in the last Trump administration. And what's meant by back to basics in a G-7 context is that the Trump administration last time around believed that the G-7 had strayed from its original purpose, which was to promote global economic stability and growth, when it was founded in the early 1970s.

The agenda for the G-7 summit that Canada announced just a few days ago, on June 7th, appears to stick to traditional G-7 principles. Prime Minister Carney announced an agenda for the summit that includes protecting our communities and the world, building energy security and accelerating the digital transition, securing partnerships for the future, while opposing – sorry, while promoting very little that the Trump administration would find reason to oppose. So you can note the absence of terms like “climate change” and “gender” and other things from this leaders summit agenda. This list of priorities conveys to me that Canada knows its audience, and if it wants a unified outcome of this year's G-7 leaders summit then it should stick close to traditional G-7 values while avoiding controversial topics.

This upcoming G-7 summit starting on Sunday marks the 50th anniversary of the G-7. And of course, Canada very likely wants an outcome – a consensus outcome. While many of the tensions that surrounded Canada's last G-7 summit are still relevant today, whatever the outcomes of the summit next – this weekend and next week are, I expect to be surprised.

Alex, back over to you.

Mr. Kisling:

All right. Thank you very much, Caitlin. And thanks to all of our speakers. So we'll go ahead and open it up for Q&A now.

(Gives queuing instructions.)

So we have a couple of questions in already, in the Q&A chat here. And a couple from George Condon. I'll just read them off here, and Victor and Max, maybe these go to you. But anybody can jump in.

President Trump's G-7 summits did not go well in the first term. Is there any reason to believe they can go any better in the second term, when he seems even more open in his aversion to both alliances and Europe? And then the follow up to that is: In the first term, the other G-7 leaders tiptoed around Trump. Are any of them inclined to challenge him more openly? We haven't seen that in the Oval Office visits so far. They've acted like they can still – they still think they can charm him or win him over. So Victor, Max, I don't know if either of you want to weigh in. Navin, Caitlin, of course, you guys as well.

Dr. Cha:

So this is – this is Victor, Alex. So I guess part of the answer to the question is, like, how do you define what is a successful summit, G-7 summit, from Donald Trump's point of view. The fact – like, Caitlin referred very well to that iconic picture from the last time the summit was in Canada that went viral. You know, I think, like, from Trump's perspective, that was a success.

I mean, I think he sees a grouping like the G-7 as a platform on which he can, you know, very proudly promote, sort of, his, you know, America first policies, and the need for G-7 leaders to do more. All of these countries are also security allies the United States. They all run trade surpluses with the United States. And so from Trump's perspective, using a platform like this to show resistance, to try to change the agenda of the conversation, as Caitlin said he appears to have been successful in doing with regard to Canada coming up, I think he sees these as all successes.

And the other thing, I think, is, as much as he may complain about the G-7 summit, I don't think that he would never go to one, because for him to not be there and the center of attention would be to be ignored or irrelevant. And I don't think that's something that the president likes at all. So I certainly expect that he'll go. I certainly expect that there'll be, you know, some – probably some fireworks of some sort. But, you know, and in the end, my understanding is that they're – I read somewhere that they're not planning on issuing a leader statement, which tells you a lot about the concerns that they're not going to be able to reach consensus with the president, and they want to avoid something like that.

So, you know, I think it will be – it'll be a very interesting meeting. Again, the overhang of the tariff – it was there in the past, but in this case it's even much more so – will certainly be, I think, the main topic of conversation, even though it won't – may not be recorded as the main topic of conversation of the meeting.

Mr. Bergmann:

Yeah, maybe just to jump in quickly. I mean, I think for most European leaders the political incentives really aren't there to sort of manufacture a confrontation with Trump. In some ways, the posture of just – of showing up in Washington, trying to have it be a cordial meeting, and moving on, I think, is probably how most European leaders will be postured going into the G-7. If you just sort of break it down, you know, the U.K. Prime Minister Starmer has sort of – you know, wants to try to maintain the special relationship. Meloni of Italy is of the same sort of political persuasion or line of thinking as Trump.

And then you get to, I think, the – probably one of the most interesting will be Ursula von der Leyen, the EU Commission president, who hasn't really been able to have contact with Trump, and so how that interaction goes. But as the president of the European Commission, she's also in a tight spot, not

wanting to sort of be seen as provoking a confrontation. And while French President Emmanuel Macron may be the one most ready to throw a punch at Donald Trump, on the other hand for him internally inside of Europe if he's seen as sort of lighting fire to the transatlantic alliance, that's not really good for the French position vis-à-vis Europe.

And that leaves, I think, a lot of Europeans turning to, how does Friedrich Merz, the new German chancellor, approach Trump? The meeting last week went fine, but Merz, you know, after he won the German elections and became chancellor, said some really sort of astonishing things for a new German conservative leader who's a died-in-the-wool trans-Atlanticist that was basically saying that Europe was on its own and needed to kind of pursue its own direction.

It was very strategic autonomy like, very French-sounding, and so we'll see. And he's also known as someone that, you know, may have a bit of a temper at times. And so I think we're kind of going to see what is the kind of interactions between these leaders, and for most of them it's a fairly new grouping than what Trump then – who Trump interacted with in the last G-7 more than six years ago.

Ms. Welsh:

I was going to jump in as well on that question.

I want to underscore something that Victor said about, you know, whether or not a summit is a, quote/unquote, “success” depends whose perspective you're looking at and I would say that I think that the Trump administration probably looks at all four of its G-7 summits, Italy, Canada, France – well, actually, the three that it went to – as successes because any multilateral engagement in which the administration is seen to not be capitulating is one that the administration could come back to the United States and say, we stood up for – you know, for the administration's values even if that meant breaking consensus with the rest of the G-7.

I do acknowledge that participating in G-7 and G-20 and others does show some ambivalence on the part of the president and the administration on participating in things like this. On the one hand, they're disinclined and even averse to multilateralism. On the other hand, the president very well looks like he enjoys being around wealthy people, around powerful people, and he likes to be the most important person in the room.

So for those reasons, again, I agree with Victor that the president, of course, will go, and I'll also say that the president attended three summits – three G-7 summits in his last administration and was preparing actively to host the G-7 summit in 2020. They were very engaged and looking forward to that.

Of course, history intervened and the COVID pandemic happened and that summit did not take place but the administration was very much looking forward to that. So, again, the success or lack of success of the G-7 depends on which perspective you're taking.

Mr. Girishankar: I'd like to just add a quick two-hander, Alex, if it's okay.

Mr. Kisling: Yeah, please.

Mr. Girishankar: I agree with my colleagues. The G-7 offers too attractive an opportunity for the president and for the administration to underscore the America First agenda as they've done in other multilateral summits and maybe even thumb their nose at some of the allies.

But the tone and tenor may depend on, on the negotiations with China this week in London, and as I was saying in my initial comments, I think that if a floor is established around export controls in a way that the Trump administration can describe as a victory, they may come more emboldened, and you can price in higher potential for volatility at the summit.

However, if it doesn't pan out then there may be some tempering of the approach with the Europeans and with.

Mr. Kisling: Great. Thank you, Navin.

We have a question – a hand raised here from Michael Shear. So I'll unmute you, Michael, and you can go ahead.

Q: Great. Can you hear me?

Mr. Kisling: Yes. Go ahead.

Q: So, really, I want to focus on the Europeans and from their perspective. You guys have sort of expressed that they – all of you, I think – that they may not be seeking the kind of explosive confrontation that, you know, Trump, obviously, got. I was in Charlevoix with Trump the last time.

Do you think that's, largely, because they're essentially dumbing down their asks? In other words, they're not putting climate change on the agenda. They're not pushing for a lot of the things that they know will set him off.

And so is there a way in which, you know, they're trying to avoid that kind of explosion but in doing so are really sort of, you know, not confronting the kinds of issues that the globe – that some people might think the globe needs to confront?

Mr. Bergmann: Yeah –

Mr. Kisling: Max, go ahead, please.

Mr. Bergmann: Yeah. This is Max Bergmann.

I think that's a very fair charge against them, that I think they are not – are trying to avoid a fight over climate, over energy. There's currently right now a fight over trade and tariffs. And so what you see, I think, on the European side is this effort to kind of manage the confrontation and hopefully avoid it. And there's criticism inside of Europe if this is the right approach, and some saying look at how China has responded much more forcefully and aggressively, and that's the way you get the United States to climb down.

They're operating – you know, charting a different course, in part because of the nature of trying to create kind of a consensus on how you do foreign policy, especially when that foreign policy is economic policy. You know, while the European Commission and the EU has the authority, it still has this sort of delicate internal politics in which to operate.

And also, on the climate issues, it is coming in a moment where there is a bit of a backlash within Europe over the green deal. There have been rollbacks of some of the legislation that occurred over the previous tenure of the commission. Yet Europe is still sort of going full steam ahead in many respects with the green transition because they have no choice, because they have no fossil fuels.

But I think what we're seeing – and this, I think, leads to the broader question with the G-7 – is that if the G-7 isn't going to reckon with these major global issues like climate and the energy transition, then is the G-7 a less relevant body than it has been? Does it reduce its relevance? And do European leaders come to see it as basically just another meeting with Donald Trump and with Canadians and Japanese, which they may think is important and it's good to bring world leaders together, but not as the kind of steering committee for global economic governance, and to address many of the big issues impacting the world on economic and social issues.

So I think they are avoiding the fight on climate, in part just not to antagonize the president. And it calls into question, perhaps, is this – you know, are they going to be as committed to the G-7 going forward, and is the G-7 going to lose its relevance because you don't have leaders really willing to work through some of the big issues?

Ms. Welsh: If I can jump in real quickly, this reminds me of a dynamic that I think was at play in all of the multilateral summits that the president participated in, which was you saw host countries adjust their priorities to accommodate

President Trump and others, depending if you were talking about G-7 or G-20.

But by adjusting their priorities, they were putting a consensus outcome over things like movement on these difficult issues, issues where they knew that they would have a difficult time finding consensus. They were nonetheless incredibly important, but talking about things like climate change, like migration and other things, you would have a host country kind of putting those priorities to the side a bit in favor of maybe weaker language that would allow U.S. to sign and to have – so that the G-7 or G-20 could end with an outcome that had endorsement by all leaders.

Mr. Kisling: Thanks, Caitlin.

Navin or Victor, either of you have anything you want to add there?

Mr. Girishankar: I fully agree with what colleagues have said about the partners trying to mollify the U.S. administration at least publicly. But there is something that's happening in the background which we should not lose sight of. And I just point to Christine Lagarde's speech about 10 days ago around, in effect, a dollar-replacement strategy, with the EU – with the Europeans basically challenging dollar domination.

There may be some movement in the background that people should be aware of; including the notion, as some have reported, that some European, Canadian, and Japanese owners of dollar-denominated assets contributed to the bond sell off earlier this year, contributing to the rise in bond yields soon after the initial announcement of Liberation Day tariffs.

Dr. Cha: Alex, this is Victor again.

So I think what my colleagues have said is absolutely true, particularly on the point about the, you know, rather clear omission of things like climate or gender from the agenda for the Canada summit. I mean, so there are two observations.

The first is, as many on the call know, the G-7 is a very unique institution. It's very informal. The host, whoever is the host or holds the presidency for the year, really has kind of, you know, free reign to determine what the agenda is. So, for example, we saw very different agendas from the G-7 summit that was held in Hiroshima, Japan, to the G-7 summit that was held in Italy, where the – where, in Hiroshima, there was a lot of focus on supply chains, combating economic coercion, things of that nature. And in Italy, it was about migration. And so every host does have the prerogative to change the agenda as they wish. And that – you know, some would argue that that is one

of the weak – institutional weaknesses of it, because the agenda isn't consistent over time as it passes from one leader to the next. That's just the nature of the G-7 as an institution as it currently stands.

And on the second point, about, you know, if a particular host decides not to include certain elements whether that is in deference to Trump or the United States or their own domestic political needs, that certainly does detract from the notion, or the theory, that the G-7 is really the prominent global governance institution today. But at the same time, you know, as we all know in government, you can't fight something with nothing. The question then becomes, if not the G-7, then what? And I would say that even though climate may not be included in this year's summit, the best place you have a fighting chance to get any sort of coordination among the advanced industrialized economies on a particular issue is going to be in this grouping, as opposed to the G-20 or something even larger.

So I certainly agree and take the point that when things like climate are being omitted from the agenda it detracts from this notion of the G-7 as a global governance institution. But it's the only thing that we got right now, quite frankly.

Mr. Kisling: All right. Thank you, everybody.

Have a question here that I can direct towards Navin from Mara Lee: How likely do you think it is that Canada and the U.S. would announce a trade detente or rollback of fentanyl tariffs soon after this trip? Navin, any thoughts there?

Mr. Girishankar: I think there's some uncertainty with respect to how the courts will rule on the IEEPA authorities that justified the initial round of tariffs to motivate action on fentanyl. Until that plays out, I don't see the Trump administration announcing a detente. It is not in the interest of the partners to push this either, if in the end the courts pull it back. So I expect that Canada would be in a wait and see posture.

Mr. Kisling: All right. Thank you.

Actually, I have one more for you here, Navin: Given Canada's recent moves to regulate AI and digital platforms, particularly the Online News Act and draft AI legislation, how do you think this will play out in the G-7 if they do discuss the role of digital sovereignty? Since there is a regulatory divergence within the bloc, especially in the – in contrast to the EU's AI Act, in the U.S.'s view. What do you think will be the discussion in that space? Navin, I don't know if you have any thoughts on that one as well.

Mr. Girishankar: Yeah. Just a quick one on that, for sure. You know the EU's act is much more

prescriptive and binding. The U.S. approach is more focused on voluntary guidelines. And maybe the Canadian perspective can be viewed as a hybrid. I would expect a high-level vision statement in the communique around digital sovereignty without getting into the particulars. Because each one will try to carve out their area. For instance, Canada may seek some kind of recognition of accountability. And the U.S., much more regulatory flexibility.

Mr. Kisling: All right. Thank you, Navin.

I think we have one more question here in the Q&A. As a reminder, if you do want to ask a question please feel free to throw it in the Q&A box, or to raise your hand. And this one is for Max. It's Julia from ARD German radio: How do you answer all the questions you posed yourself in your – in your opening remarks, i.e., how committed are the U.S. – is Trump to alliances like the G-7? Caitlin and others, you may want to weigh in there as well. But, Max, go ahead.

Mr. Bergmann: I think it's a very good question. I think I don't – I think it's possible the Trump administration doesn't quite know itself, and I'm not sure the president quite knows himself. On the one hand, I think you see a tendency to want to really push the U.S. foreign policy in a dramatically new direction, in a much more nativist direction, and one that really is less focused on shared values, on democracy, and human rights, and much more transactional, focused on interests. And then that calls into question, frankly, the entire alliance architecture, both with NATO and, potentially, with the G-7.

I mean, the G-7 is not just made up of the biggest wealthy countries. There's a reason why Russia was kicked out and why China is not a member of the G-7. And so I think it raises the question to the Trump administration is, do they actually believe in kind of a value-based – a values-based alliance structure trying to link democracies together? I think that remains an open-ended question. My guess is that they're not going to fully answer it. And, as Victor has noted, that I think the last thing Donald Trump would want would not – would to not be at a G-7 summit. And so I think the U.S. will continue to participate. But I think it will – America's role in the G-7, I think, is going to be continued to be questioned by the Europeans in particular, should the summit end in a degree of acrimony.

Ms. Welsh: Thanks. Just jumping in with one more comment on top of Max's, that I agree with. On the one hand, I want to say, of course, that the Trump administration disagrees with or has an aversion to multilateral solutions to complex global problems. It did in the first term and still does in the second term. And on the other hand, as I mentioned, the president enjoys being around the company that the G-7 brings. The last time that the president was at a G-7 summit in another country was in 2019 in France. And the president

himself negotiated the outcome document, the one-page leader statement, apparently with some enjoyment, from those who saw it happening. So, again, I think that there's strong ambivalence by the administration toward things like the G-7. And we'll just have to look to outcomes from this summit to see where we think this administration is on the G-7.

Mr. Kisling: Great. Thank you, Caitlin and Max. We have a follow up question from George Condon.

Following up on what was just said, do we expect Trump to push for Russia's inclusion in the G-7? And how would the others respond? Max.

Mr. Bergmann: I don't expect that. I think because it went so badly the first time he suggested that, back in his first term. But there are ongoing talks between the United States and Russia, sort of separate to the negotiations over a peace deal in Ukraine. We've seen Special Envoy Witkoff, Howard Lutnick, the commerce secretary, be in Moscow. We've seen Kirill Dmitriev, the head of the Russian sovereign wealth fund, have his sanctions paused to attend negotiations in Washington over some sort of bilateral economic arrangement. And we do know that Trump has been very consistent about his desire to have improved relations, bilateral relations, between the United States and Russia.

So I think that may go on its own track. I think it would be – I would be very surprised if Trump raised that at this G-7, particularly with Zelensky there. And I think if he did, it would, in some ways, raise all the sorts of doubts and questions about the United States that I've mentioned previously. So I doubt he'll sort of stick his finger that far in the eye of the Europeans, in particular President Zelensky. But you never know with this administration.

Dr. Cha: It's – (laughs) – it's Victor. I'll just add that, so he – as we all know, he did that once before, as we talked about already on the call. You know, despite these negotiations that Max described that are going on, you know, I think it's fair to say, like, the Putin-Trump relationship is not in that great a place right now given the inability to extract a ceasefire from Putin and, contrary to that, you know, the continued bombardment of Ukraine. So I would also be surprised if he raised that.

Again, just as a bit of advertising, in some of the research we've done at CSIS there are certainly others that the G-7 could consider as members based on their performance in areas that matter to the G-7, and to make the G-7 more diverse in terms of its representation. Russia really wouldn't be at the top of the list, I'd say. But then again, I'd also say that the identity of the G-7, even though we know it as the G-7, has been that it is – it has been an evolving and constantly changing group from when it started, you know, as a group of four in the White House library in, whatever it was, in the 1970s, to Russia's

eventual addition and then subtraction, to the – to the non-enumerated seats in the G-7 that effectively make it a G-9 with European Council and European Commission membership. So it is a constantly evolving organization, and we just know it by the term G-7 today.

Mr. Kisling:

All right. Thank you, Victor. And thank you to all of our speakers. I think that's all the questions we have from our participants right now, so we'll go ahead and wrap there.

I just want to thank all of our speakers and participants for joining this call today. Please don't hesitate to reach out if we can be a resource on anything around the summit over the next week or so. We're here to help, so don't hesitate to reach out. Again, we'll be posting a transcript of this call on CSIS.org, and we'll also be distributing it to everybody over email who RSVPed for this call.

So, with that, thanks, everybody. I hope everybody has a good rest of your day, and we'll talk to you soon.

(END.)