TRANSCRIPT
Event
“Assessing the 2022 G7 Summit: The Sherpa Perspective”

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FEATURING
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Good morning from Washington, and good afternoon to friends in Europe, and evening – good evening to friends in Asia watching.

My name is Matthew Goodman. I’m senior vice president for economics at CSIS in Washington. Delighted to welcome you here to this event debrief on the G-7 summit in Schloss Elmau, Germany and Bavaria, about not quite a month ago – three weeks ago. And we’re delighted today – and I’ll introduce them in a second – to be joined by the respective Sherpas of the United States and Germany.

The Sherpa is a term of art in the G world – the G-7 world – the person who takes the leader up to the summit. So, I think you can figure out where that comes from.

I, and my co-host, Caitlin Welsh, who’s director of our food security program, were former yaks, which are the people who are underappreciated but they’re the ones who help the Sherpas up the mountain. And so we’re delighted to have this opportunity to interact with the current Sherpas, to hear kind of what happened at the summit and, more broadly, how it fits into the broader set of global challenges that the G-7, which is this organization that was founded in the mid-1970s to deal with, interestingly, an energy crisis at the time and it brought together the United States, Canada, Germany, France, Italy, and the United Kingdom and Japan, and since then has added two other seats. The EU presidency and the president of the European Commission also join the G-7 summits.

And so, this is an important annual event and there are a lot of things that happened before and after the summit that I hope we’re going to hear a little bit about.

But with that, let me introduce our two guests.

So, first, Dr. Jörg Kukies, who is German state secretary for economic, finance, and European affairs, and the G-7 and G-20 Sherpa for Germany. He has served – he had served at the Federal Ministry of Finance prior to that for a number of years and had a long career before that at Goldman Sachs in Frankfurt.

He has, among other degrees, a master’s in public administration from the Kennedy School at Harvard and his Ph.D. in finance from the University of Chicago. So we’re delighted to have Dr. Kukies with us here today.

And –

Overjoyed.
Mr. Goodman

Thanks, Jörg.

And joining him is Michael Pyle. Mike is deputy national security adviser for international economics at the White House in the Biden administration. He had served as chief economic adviser to Vice President Harris before that. He had a career before that at BlackRock and also in the U.S. government. He and I overlapped a little bit. He was at the Treasury Department and the Office of Management and Budget, and I’m interested to see in his bio that he started his career as a law clerk to the Honorable Merrick V. Garland, who is now attorney general here in the United States. And so that’s an interesting part of Mike’s background.

So, with that, Caitlin and I are going to sort of alternate questioning. And let me start with Jörg, and ask you, as the host sherpa, kind of what happened, the big picture at the summit. What are the biggest takeaways? And particularly if you can focus a little bit on what I think is on the top of mind on a lot of people’s minds today, with the tremendous heat that we’re seeing in Europe and the United States, and then these concerns about energy supplies, especially as we – hard to imagine right now – but going into the winter, where there’s a lot of concern, especially in Europe, about gas supplies. I’m sure those were topics of conversation at the summit. And, you know, how were they discussed and what came out on those issues? But, you know, more broadly as well. Interested in what your takeaways were.

So, Jörg, over to you.

Dr. Kukies

Yes. Thank you. And many thanks for bringing us together, and many thanks also to Mike and the U.S. administration for huge support of the G-7 presidency that we’re currently holding. It was really a very united and determined approach, both between the U.S. administration and Germany but, of course, more broadly among the G-7. And I think that’s one of the very simple but absolutely key and crucial messages to send, that we stand united in the face of Russian aggression against Ukraine. That was really the core statement that we wanted to bring out, and I think we very clearly succeeded in that, and I’ll get into the details in a minute.

The other big element that I think was a very important unifying moment is that we avoided the impression that it’s the G-7 against the rest of the world. We very deliberately invited countries such as Indonesia, as the G-20 presidency, India with its huge population, Senegal as the presidency of the African Union, South Africa, Argentina as the current CELAC presidency. So all countries that aren’t necessarily aligned with us entirely, if you look at U.N. voting, implementing of sanctions.

But important countries, big democracies, economically strong democracies, where we wanted to symbolize that we want to reach out to them, we want...
to include them into the dialogue. We want to make sure that they see that the G-7 wants to work with them and align with them, even though certainly there would be – would have been other countries that would have facilitated an easier, I would say, consensus on some topics. We deliberately looked for the exchange with them and the integration into the world of the G-7. So I think that was quite an important signal, especially with the increase in brutality of the Russian aggression, combined with what we’re seeing on the food security side.

So I think that was very important and I think one of the most underestimated decisions of the – of the G-7 meeting was the resilient democracies statement that we did together with the five partner countries, where we focused a lot on the severe importance of international law, rule of law, inviolability of borders, and all of the things that keep our international house together which, until 24th of February, were taken too much as granted. But it’s very important that we showed that signal and sent that signal together with the partner countries.

And of course, the signal to Ukraine was also very loud and clear. I think probably the most quoted sentence of the G-7 statement, that “we will stand with Ukraine as long as it’s necessary,” was very – was very clear, and also showed our resolve, together with the many funding agreements that we made. Probably most importantly to fund the Ukrainian budget until the end of the year with so far $29.5 billion. But we’ll continue to fund that with whatever is necessary. Of course, also on the military side, the humanitarian side, and the support for Ukraine for regaining its ability against the Russian blockade of its ports, to regain its ability to export grains to the world. Which, of course, is also an enormously important thing for food security in the world.

So the global line for food security, of course, is another very big takeaway that we are already working on as we speak. On the one side, pledges of 4 ½ billion (dollars), but equally importantly, the support of the U.N. initiatives to ensure food security in general, but also ensuring that the food can be exported from Ukraine. Openness of agricultural markets is another big takeaway from this initiative that we’re also working on for the second half of the year, and in that overall context, the big event that we’re already preparing is the conference to be held in October for reconstruction of the Ukraine jointly between the G-7 and the European Commission, so I think that’s also important.

And of course, you mentioned it – climate we discussed a lot and made decisions on the Climate Club, which has the idea of avoiding trade conflicts through imposition on each other of CBAMs and carbon border adjustment mechanisms. We want to get to a world where, instead of thinking about imposing eco-tariffs on each other, we cooperate and join our policies
together, make them comparable, work together on industrial decarbonization, standardization of green markets for green products in an industrial big scale, and also reach out to the global south on climate change. The concept of Just Energy Transition Partnerships where we combine social compatibility with helping supporting the countries of the global south with their transition to renewables and away from high emission, especially coal, I think is extremely important and we’re planning that – as I said, with South Africa it’s already work in progress; Indonesia, India, Senegal, Vietnam to come, so all very large economies that are willing and able to work with us on the transition. And, of course, supporting the socially equitable transition is something that is extremely important if we want to really reach decarbonization.

There’s tons of other things to talk about, but I’ll pass the word over to Mike and wait for other things for questions.

Mr. Goodman

Thanks. That was a great introduction, and there is more to cover, but you’ve already touched on some of the key issues that we wanted to explore a little more.

Before I hand to Caitlin to ask Mike a kind of related question, let me just say something I forgot to say at the beginning that’s very important, which is that we welcome audience questions. There should be a button on your screen that enables you to ask a question. We’ll be trying to get to a few of those at the end of this session, so please do submit your – start submitting your questions now. I also forgot to thank the Embassy of the Federal Republic of Germany for their support for this event. Without the support of our sponsors, we can’t do anything at CSIS, so we really do appreciate this opportunity as well.

So over to you, Caitlin.

Caitlin Welsh

Thanks very much, Matt, and welcome to our guests. I’ll repeat a similar question that Matt asked to Jörg.

So, Mike, welcome again to the sherpa chair. This is your first G-7 summit in this role. So I’ll ask you generally about broad takeaways from the summit but also, in specific, about climate change, climate change outcomes, particularly given the speech that President Biden delivered in Massachusetts yesterday. So over to you.

Michael Pyle

Thanks, Caitlin. It’s such a pleasure to be with everyone.

I thought I’d make three broad observations that go to your question, Caitlin, and I think also echo much of what we heard from Jörg. You know, the first would just to be – to commend Jörg and the entire German presidency for
the G-7 process they ran this year. This was a historically challenging year in light of Russia’s brutal invasion of Ukraine, the stresses that that placed on the global economy, including, as we talked about, through energy and food security issues. And yet, to Jörg’s core point, the G-7 acted together with unity throughout this crisis in the G-7 summit, re-underwrote that unity with respect to the Ukrainian invasion, with respect to these core challenges that face the global economy, G-7 and the rest of the world alike, and that’s really a testament to the process and the leadership that Jörg and the entire German team displayed throughout the process. So just a huge commendation of thanks from the U.S. side.

I would also highlight Jörg’s – one of his additional points, which was the focus that the G-7 placed on bringing into the fold nations from beyond the G-7 that helped to represent other important parts of the world, other experiences with respect to facing the challenges that we’re collectively facing around food, around energy, around climate. Hearing from those leaders, those sherpas, being able to work on an agenda that spoke to the problems we share in common I think was an important part, to Jörg’s point, of demonstrating that the G-7 has an agenda for the entire world, not just for the G-7. So that would be my first point.

My second point would be to speak to the way in which the G-7 summit, the G-7 process in particular, that we’ve seen play out over the course of the last six or seven months, really speaks to one of the overarching priorities of President Biden, and President Biden’s entire administration, which is working together in concert with key allies and partners around the world and a recognition that the United States is stronger, the United States is able to have more influence around the world when we act in concert, when we join forces with other likeminded nations around the world. And clearly, the G-7 is perhaps the key proof point to that broader priority and theme.

You know, one, you know, just statistic that I would note here. You know, since taking office in January 2021, President Biden, whether in person or over teleconference, has met collectively with the G-7 leaders eight times in 18 months, literally yesterday. You know, his predecessor met with the G-7 leaders only four times across an entire four-year term in office. So I think that highlights the relative focus, the relative emphasis that President Biden places on working with our closest allies and partners.

And I think you’ve seen that around the unity, around the resolve on Russia’s invasion, on our response to it collectively, on the spillovers as a result of Russia’s invasion and our collective response there – including, as Jörg spoke to, around food security. So, again, I think this basic core idea that the United States is stronger when we act in concert with our closest allies and partners, with other likeminded countries, you really see that come together,
you know, most clearly in the G-7 setting. And I think the summit at Schloss Elmau was reflective of that point.

You know, the last point that I would make – and again, this goes to your – to your last question or the last piece of your question, Caitlin – is, you know, the G-7 as a – as a hub of not just policy initiatives that speak to the needs of the moment, whether it be energy or climate, but also as a – as a hub of policy innovation. You know, to take just one example, I think one of the key things that we spent a lot of time on, the U.S. side, with our G-7 partners thinking through and acting towards was work around opening up the possibility for something like a price cap on Russian crude oil. You know, to us, getting alignment around this idea, that we could take steps that would both preserve stability and supply on global energy markets, global crude oil markets, while also squeezing the revenue and the resources that Russia is able to bring to bear in their war of aggression, you know, this type of policy innovation that was the subject of very intense diplomacy in the weeks leading up to the summit, at the summit itself, based on the tasking from the leaders, has continued to be a source of very intensive dialogue and discussion since the summit, you know, I think highlights the way in which the G-7, like I said, is a – is a grouping that can not just speak to the most important issues of the moment, but also be a source of policy innovation.

You know, I think – and we’ll talk about it, you know, further – but I think to your question, Caitlin, you know, the ways in which the energy crisis of the moment sits alongside the climate crisis that we all know is unfolding in real time I think is also a key piece of how we thought about the total G-7 agenda coming together. Jörg spoke to the Climate Club initiative. It’s been a core priority of Chancellor Scholz and the German presidency and I think the ways in which we saw that initiative sitting alongside things like the energy price gap is reflective of the ways in which both the immediate pressing needs and those structural challenges fit together within the G-7 umbrella as well.

Mr. Welsh

Thanks very much, Mike. We will return to the topic of climate change and the climate club that was announced last month.

But first, I’d like to pivot to the topic of global food security, building on some introduction that Jörg provided for us. So my second question for you is on this topic and, in particular, what USAID Administrator Power on Monday called the most alarming global food crisis of our lifetimes, due in large part to the effects of Russia’s war in Ukraine.

Last month, G-7 leaders announced the Global Alliance for Food Security and committed to an additional $4.5 billion for these efforts, over half of which is coming from the United States – $2.76 billion from the U.S. This is the most attention to global food security that the G-7 has paid in at least a decade.
So I’m wondering, can you speak to the importance of this issue right now and also how the G-7 is countering Russia’s narrative about this crisis, which, of course, is that it’s not Russia’s war in Ukraine which is the cause of this crisis, which is the truth, but instead that it’s Western sanctions which are to blame, which is false?

Mr. Pyle

Sure, and thank you for the question.

You know, I think, Ambassador Power speaks powerfully to the urgency of the moment and the issue. There is no more pressing challenge than not just cost of living issues in the G-7 and the rest of the world alike, but in many parts of the world it isn’t just a cost of living issue, it’s an issue of actual physical access to food, to nutrients, to basic sources of life.

And so, I think the G-7 leaders approach the summit with the recognition that there is going to be a need to speak powerfully to that issue.

I think, to your point, that begins with an accurate diagnosis of what the source is of the food security challenge that the globe faces, that that challenge has one source, or one principal source – one proximate cause – and that is Russia’s brutal invasion of Ukraine, Ukraine, obviously, a key exporter globally of grains, of food oils.

Those supplies, to a large extent, coming off global markets, in particular, given the countries that those supplies are often exported to, has placed extreme strain on global food systems and extreme strain, particularly, on food systems in Africa and the Middle East.

And so, I think, being very clear eyed about what the cause and the proximate source of this challenge is, was very important.

You know, I would say – one observation I would make is, you know, I do think that we’ve taken some steps forward in terms of really situating that, you know, kind of core truth in the global narrative. I mean, I look at something like the G-20 finance minister chair’s statement this weekend.

You know, it was noteworthy that that statement highlighted that many of the nations in the G-20 share that same story about where the cause of this instability, of this challenge, rests, and there was only one country – one isolated country – felt that sanctions were at the root.

And so I think that that highlights that this is increasingly not just within the G-7 but within broader groupings like the G-20, a place where that core truth is being recognized and Russia is increasingly isolated as a lone country speaking a narrative that has no truth or causal force.
You know, with respect to the actions that the G-7 came together to take, you know, I would highlight a few things. You know, one – you know, I think the commitment of $4.5 billion from the G-7 as a whole, including, as you said, 2.76 (billion dollars) from the United States, you know, is reflective of two different strains of priority. You know, the first strain and the lion’s share of the U.S. money goes to the immediate humanitarian pressures and challenges that countries around the world face.

But the secondary allocation – about $760 million from the U.S., more from the G-7 as a whole – goes to building greater productivity, greater resilience in food systems around the world, recognizing that, you know, we face a current crisis in food security, but we also face ongoing structural challenges around food security, not least because of the climate crisis, and building greater resilience, building greater productivity, including things like through securing access to fertilizers, is going to be an important part of what it means to build a productive resilient food system for the world, for emerging parts of the world, in particular, in the years ahead.

The last point I would just make is, you know, obviously, one of the things that we need to do most of all, with respect to the current moment, is to get Ukraine’s grain out of the country and onto global markets. You know, while we have been encouraged by some reports of progress, we remain very clear-eyed about the prospects for reopening Ukraine’s agricultural exports given how Russia has been blocking those exports throughout the war. And so, we want to keep working very assertively towards that end, but recognize that we just have to be clear-eyed about the way in which Russia has, again and again, blocked that action from taking place. But we need to keep very much our focus on it.

Let me as Jörg a question, but before I do that, let me just say we’re starting to get some good questions and welcome more. So please do use that button your screen and go ahead and ask questions as they come to you.

But Jörg, let me ask you a question about the sanctions and maybe two questions that are related. One is, you know, there are now questions being raised about whether – I mean, no question that the unity of the G-7-plus countries in responding to this situation has been just breathtaking and really extensive and deep, and beyond anyone’s expectations. I think questions are starting to be raised about whether, you know, we can go further than we have now, and particularly in light of inflationary pressures here, and there in Europe concerns about, you know, the energy and other commodity constraints. Whether we’ve reached the kind of limits of sanctions. So do you have a thought on that?
And then the specific second question is about – Mike’s already alluded to it – but this idea of an oil price cap on Russian energy. Kind of talk about that. And a lot of people are asking, that sounds in principle like a good idea, but is it enforceable? How would you actually make that stick, given that there are other people, you know, who might be willing to pay more for Russian oil? So over to you.

Dr. Kukies

Yes. So, I think, of course, the big elephant in the room on sanctions is energy, because of course that’s the – that’s the area where we would hit Putin and his regime’s revenues the hardest. Of course, because of the massive impact of curtailing imports of energy from Russia on our own economies, we’ve been quite careful on that. And we’ve had a very deliberate strategy of substituting out of those Russian sources of energy that we can replace on global markets the easiest. So in that sense, the hierarchy of exiting coal first, then going for oil, and then eventually for gas I think is the right choice.

Coal is going to be done quickly. Germany will stop importing coal in the next two to three weeks. We’re almost down to zero as we speak. So that is a massive change. We were in the 40s in our percentage of global coal imports from Russia just a few months ago. So what a difference a few months make. So that’s point one. I have to say, of course, that was quite easy because of the relatively abundant spare capacity. Of course, it’s had a price impact, but there was never any question about supply shortage.

So next comes oil. Of course, that is something that we are working on. The European Union has decided to cut Russia off of oil deliveries to the European Union from the 31st of December. We are working on that. The sanctions affect directly seaborne oil, but Poland and Germany voluntarily also committed to cutting off the infamous Druzhba pipeline of the past Soviet days, which was already in the Soviet days an instrument to control the Eastern Bloc in terms of the power supply. Germany will cut off that supply source at the end of the year, and we’re working very hard also with the U.S. to find alternative supply routes into the relevant refineries, which of course have systemic importance for the regional diesel and kerosene supplies. So that’s something we’re working on hard.

It is very clear that we are now thinking about, as Mike said, more creative things that just shutting off oil full stop; namely, working on price caps, both on the oil supply directly but also on the provision of ancillary services. So we are thinking of passing rules and regulations to only allow the provision of insurance, trade finance, and transport of Russian Urals and products if the price doesn’t exceed a certain pre-agreed price cap. So that is an extremely interesting idea because, as Mike said, it satisfies the objectives of, A, curtailing Putin’s revenues; and, B, still keeping the stability of global markets alive.
Of course, it's excruciatingly difficult to implement. That is, we're not naïve about how tricky it is and how sophisticated the Russian regime is at circumventing things. So we are not – we are in no doubt that this is a – that this is a quite, quite challenging thing that we need to do. But we are working extremely closely with Mike’s team, with Wally’s team in Treasury, in the G-7 finance track, and we've already made a lot of progress on this. So we are hoping and having good discussions with many of the countries outside of the G-7 because the attractive aspect of the price cap is, of course, that it sort of pays to participate, so to speak; i.e., the countries that participate in the price cap mechanism can actually obtain cheaper oil in this way.

Of course, the key question is: What is the response function of the Russian regime? We've seen in several measures that we've taken in the gas sector where, for instance, we've put Germany's operations of Gazprom under public trusteeship, as one of the points that caused a retortion measure from Putin. The fact that Bulgaria, Finland, and others refused to participate in the new payment scheme imposed by Russia led to a curtailment of gas. So I think there will, of course, also be a response by the Russia regime on these things.

But we are strong. We are united. We have a lot of things like transport, like trade finance, like insurance that are absolutely vital for Russia’s mechanics to work. And if we implement sanctions intelligently, we can further curtail the flow of energy from Russia.

I think one last point because, of course, there is starting to be a debate in my country and Europe on are we harming ourselves more than we are harming Putin. Because, of course, the revenues from oil is always a product of volumes and prices, and given the price spike quite a few commentators are now saying this is actually working out not too bad for Putin because the volume decrease is being more than compensated by price increases. In the short term that's right, but nobody when, you know, we discussed these things from January onwards was under any naïve illusion that going after energy revenues would stop the war or prevent the war quickly. I think this is a marathon; it's not a sprint.

In terms of present value of Putin’s revenue streams until we're climate neutral in about 25 years from now, it matters a lot that we are now massively, massively pushing towards becoming independent from Russian sources of fossil energy, either by going into renewables or by going into other fossil fuels. So in the long term this will have a massive and severe impact on the revenue model of the Russian Federation, and therefore I think as long as we stay united – and we are staying united – this will in the medium term have a very, very substantial impact of shrinking Russia’s aggressive ability. On the short term, we're not so naïve to think that a 640
billion reserve account, of which we blocked 50 percent, can be prevented from leading a war like the one that they are leading with all of its atrocity.

Ms. Welsh

Thank you very much, Jörg.

If you don't mind, I'm going to pivot to another priority of Germany's G-7 presidency, which is health. A top priority, of course, was enhancing global health through improved pandemic preparedness and response. But in fact, G-7 health priorities were very wide-ranging, including improving health architecture, combating antimicrobial resistance, and successfully replenishing the Global Fund, among other priorities. So can you speak to Germany's prioritization of health within your presidency this year?

Dr. Kukies

Yes. So, I think the priorities have certainly shifted to a certain degree. I think the key question of incentivizing production of a sufficient number of COVID vaccines to make sure that everyone in the world can be vaccinated has been accomplished, and of course this is a huge – hugely successful cooperation between the public and private sector that made all of this massively quick rollout of COVID vaccines in the United States, in Europe. There's a great cooperation between Pfizer in the U.S. and BioNTech in Germany, both of where Pfizer received a lot of public support and big commitments to purchase from the U.S. and BioNTech from Germany and the European Union. All of those platforms that we established – ACT-A, COVAX – were very, very successful in achieving these goals. And of course, the G-7 worked together a huge amount. What we didn't achieve, and that is something we discussed a lot, is that despite this massively successful rollout of productive capacity of vaccines, the goal of vaccinating 70% of the population in each country by mid-22, which was a WHO goal adopted by the G-20. Of course we're very, very far away from that because of what we underestimated, and that will be a big task for going forward, is the chain from production and delivery of vaccines, to the actually administrating of jabs, and that's what we're promoting by local production. What we're promoting by focusing much more on the infrastructure, the Partnership for Global Infrastructure Investment will have a big health pillar to make sure the health systems in vulnerable countries are improved so that these cooling chains, the administrating of vaccines, not only on COVID, but, of course, on many other potential pandemics, are accelerated. The response mechanism for future potential pandemics is accelerated.

So those are all accomplishments that a lot of the funding that we agreed on was really instrumental, and, of course, the G-7 pact for pandemic readiness, the refilling of the Global Fund against AIDS, tuberculosis, and malaria is a very important result of the G-7 summit. So we focused on COVID. We refocused our attention, probably from production to administration, but we
also focused on a lot of the other hugely important global health issues. Finally, also of course, antimicrobial resistance, which is one of the key challenges going forward.

Dr. Goodman

OK. That’s great, and I would like to offer Mike a chance if he wants to add anything on health to do that. But let me introduce one final topic, we’re running a little short on time and I’m actually going to suggest that Caitlin take the first audience question after this. But Mike, I wanted to introduce the infrastructure topic, which Jörg just referred to. So the G-7, at this summit, announce the Partnership for Global Infrastructure Investment. Last year had introduced the Build Back Better World Initiative. How are they different and what is the main, kind of, organizing principle of this initiative? What is the G-7 planning to do here?

Mr. Pyle

Thanks Matt. I’ll let Jörg’s comments on health stand for themselves. I think he covered it extremely comprehensively. Speaking to the global infrastructure issue, I mean, I think the way I would view the progress from Carbis Bay 13 months ago through to Schloss Elmau this year was in June of 2021, G-7 leaders, including President Biden, made a declaration of intent that providing highroad, values-driven alternatives for emerging countries around key development infrastructure priorities was going to be a core G-7 priority in terms of – across the collective group, mustering resources and opportunities to deliver infrastructure of that kind. And I think roll the clock forward 12 months, there was a tremendous amount of effort, of work, across a number of the G-7 partners to take that declaration of intent and begin to make that real. And so, I think what you saw in terms of the announcement with many of the leaders standing shoulder-by-shoulder together at the summit, including Chancellor Scholz and the President, was the beginning of what it meant to deliver on that commitment to prior years. So I think you saw that list of ten or more projects that, because of the G-7’s collective efforts, are now off the ground and running in countries around the world, across a range of the pillars that the initiative as a whole speaks to.

But to take a step back, and I think that the important thing that motivates the president, that has him so focused and animated by this issue, is the idea that whether it’s around the climate transition and clean energy, whether it’s around digitalizing emerging economies, whether it’s around health or gender equity, there’s a tremendous amount of work to be done to invest in those systems in countries around the world. And G-7 countries need to act collectively in a transparent, high-values way to deliver on those promises.

I think what we saw this year, just to kind of highlight two things, is, one, a commitment of resources that could be mobilized to those ends across the G-7 countries, but also then I think a recognition that one of our comparative advantages, as G-7 economies, G-7 countries, is, you know, it’s not just the
public sector that can act towards these ends. We have deep, sophisticated pools of capital that can also be brought to bear on helping to achieve some of these ends. And being sure that we're mobilizing not just governments in the G-7 but really the whole of the G-7 economies to these ends is going to be an important part of the work that we take forward from here, building on that launch and that delivery from Schloss Elmau.

Ms. Welsh

Thank you, Mike.

Turning to a question from our audience, generally speaking about the value of G-7 leader statements when seen in the context of perhaps contradictory politics at home. The G-7 this year made very strong statements in support of sexual reproductive health and rights for all at the same time that, as we all know, the Supreme Court decided that there was no constitutional right to an abortion. Similarly with climate, G-7, of course, made very strong statements and commitments regarding achieving the goals of the Paris agreement, when President Biden’s climate agenda continues to fight an uphill battle here at home. So, can you speak to what you see as the value of the G-7 when observers might see that – G-7 leader statements, when observers might see those as contrary to what we – what’s happening at home? And welcome comments from Mike, but also from Jörg.

Mr. Pyle

Sure. I mean, I would just say the value, from our side, is being sure that we're articulating the core values and priorities of President Biden, of his administration, and doing so shoulder to shoulder with our G-7 allies. Clearly the president – and this is not, you know, my area of expertise so I leave it to others to speak to it in greater detail, but, you know, as a core priority and has stood for his entire career alongside the proposition that reproductive health, reproductive freedom is a core right for women in the United States and around the world. And that’s the importance of stating that, perhaps particularly in this moment, not just as himself, but alongside other G-7 leaders.

And similarly with climate. You know, this is one of the arresting challenges, crises of the moment. The president has articulated that when he was a candidate, has articulated that since taking office. Just yesterday you heard him speaking to the actions that he intends to take as president with administrative authority by virtue of the core challenge and crisis of this moment around climate. So I think the importance of the G-7 statements is just to continue to underscore that there are a set of values that we speak to, you know, as this administration, as the president does. And we do so, and when we do so, we do so alongside our closest allies and partners at the G-7 very much right at the core of that.

Mr. Goodman

Jörg, do you want to add anything to that? Or can I also tag onto that, you know, a question about G-7 relevance, given, you know, that really a lot of
these problems that we’ve been talking about are global challenges that, really, you need something more like the G-20 to work on those issues? But Russia’s in the G-20, China’s in the G-20. There are a very diverse group of countries there that may or may not agree with some of these ideas. So, I mean, very interested in your – Caitlin’s question about the disconnect, in a way sometimes, between domestic politics and these international conversations, but also another relevance question about the G-7, you know, given that it’s only seven countries and these problems are more global.

Dr. Kukies

No, but I would say there’s – of course there’s always a question of tension between domestic and global policies, but I can only say for my country, the fact that the G-7 leaders on the 24th of February made a very, very clear commitment to support Ukraine helped us tremendously in the days that followed, until the 27th of February, to reverse a lot of our policy decisions because we knew that if we start changing our policy to abstain largely from delivering weapons into areas of active war we would be supported by the G-7. If we joined the G-7 on aggressive sanctions, even though it puts us in peril of being curtailed on energy, we can rely on the support within the G-7 to obtain alternative energy sources. So that helped us tremendously in being brave in reformulating a lot of our policy stances in order to confront the aggression of Russia against Ukraine. The fact that the alliance – and I’ll also talk to NATO, even though it’s not the topic of today – the joint work that we did together among the G-7s to use this crisis to broaden NATO and to bring in two massively important democratizes into NATO, and to increase our resolve together by leading by example within the G-7. Germany committed to going to 2% expenditure by raising a special fund of 100 billion [dollars]. I think, you know, like the fact that that this is an integral joint effort from the beginning of the Russian aggression in Ukraine really helped to show that Putin is not achieving any of his goals, in fact, he’s speculated on the G-7 becoming broken apart and split and disjoined. He achieved exactly the opposite. The same goes for the European Union. He speculated on division within the European Union. The European Union is now the most attractive expansion model. All of the sudden Ukraine is accelerating its process; Moldova is accelerating its process; Georgia wants to become a member; the six Western Balkan states – North Macedonia just surpassed a big hurdle to integrating itself into the EU, which was lingering for literally since 2003.

So I think all of these signals of unity that are extremely concrete, that are very important for the strengthening of the democratic world and the cohesion, is something where actually I would say, Caitlin, yes, you’re right; you can always find a few elements of inconsistency, but I think if you really see it objectively, there is tons and tons more elements of consistency between what the various – you know, 27 democratic societies decided to invite the Ukraine and Moldova into the European Union, which has been waiting for many years and now it’s possible. The same goes for the – so all
of these are domestic policy decisions which are completely consistent with both what the G-7 is saying and what the European Union is saying. They're all strengthening organizations like the G-7 and the EU. Of course, the G-20 is going to be very, very hard. As Mike quoted, we're now going into the mode of many countries and several countries and one country, so nobody is expecting any joint statements from the G-20, but we are reaching out to many, many countries. And as Mike said, and I think if you look at the outcome of the foreign ministers, the finance ministers’ meeting, Russia is getting more and more isolated and, most importantly, no one – no one – is speaking out in favor of Russia, maybe with the exception of Iran and North Korea.

Mr. Goodman

OK, look, there’s so much more to talk about on these topics and the many other topics that the G-7 talked about which we didn’t even get a chance to raise here, but the good news is that this is an ongoing process. Germany’s still in the host chair until the end of the calendar year, and then hands off to Japan on January 1st. The U.S. and other countries will still be very engaged on these issues.

And we, Caitlin, I am sure agrees, will continue to be interested in your views on these issues. And you have an open invitation anytime you want to come back and tell us more about your work in the G-7. It’s really important, and we’re – it’s very important to our research and our interest in global affairs here at CSIS. So we welcome you back anytime. But for now, if I can just – on behalf of Caitlin and our team – thank you, Jörg, thank you, Mike, for your time, for your insight, for your clarity and frankness, which has been very refreshing and helpful to us. So thank you very much and thank you to our audience for listening and for participating. And have a good day, everyone.

Dr. Kukies

Thank you.