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Abdoulaye ANNE¹

Education, The Cornerstone of Responses to Complex Global Challenges

(Le français suit)

While progress has been made in recent years in terms of access and relevance of education around the world, many countries still remain stuck out of these positive developments. Some of them even experience substantial setbacks due to environmental factors or gaps in the management of their education system.

Education is at the heart of the solution to complex global challenges in the areas of focus of this G7 Summit, namely *Investing in growth that works for everyone* (trade), *Preparing for jobs of the future* (labor), *Working together on climate change, oceans and clean energy* (environment), *Building a more peaceful and secure world* (security) and *Advancing gender equality and women's empowerment* (gender equality) and the more cross-cutting issue of *migration*. The issues that intersect these areas are for that reason targets of the **Global Education 2030 Agenda**, including the Sustainable Development Goal 4 whose roadmap for achievement is the UNESCO **Education 2030 Framework for Action**.

The fairer and more equitable trade which guarantee peace and subsistence to the greatest number, finds in education the bases of the training of its recipients.

The challenge of work requires reviewing and adapting our training and qualification policies for young people in order to better prepare them for the challenges they are facing or will face.

Education can be a great enabler of gender equality and an eradicator of all other forms of inequality or injustice, and we can afford it.

Education fosters security by contributing to the construction of peace defences from the young age: hence the laudable UNESCO ambition of "Building peace in the minds of men and women" (Preamble of the Constitution of UNESCO).

At a time of great changes in our ecosystem, educating for the protection and preservation of the environment is essential and vital.

Advances in the areas mentioned, through better education, will have a positive impact on migration which today is a place of worst horrors and untold tragedies.

All of this reflects the centrality of the educational issue in solving the complex global challenges we face.

The G7 leaders and the world would be well advised to devote the attention and support that question deserves to the benefit of the poorest of humanity, but also the more fortunate.

In a world that has become more than ever a planetary and interconnected village, what happens in one of its concessions in good or bad spreads quickly and inevitably to other.

L'éducation, pierre angulaire des réponses aux défis mondiaux complexes

Si des progrès importants ont été accomplis dans les dernières années en matière d'accès et de pertinence des systèmes éducatifs à travers le monde, beaucoup de pays restent encore en rade de ces évolutions positives. Certains d'entre eux expérimentent même des reculs substantiels du fait de facteurs environnementaux ou de lacunes dans la gestion de leur système éducatif.

Or, l'éducation est au cœur de la solution aux défis mondiaux complexes relativement aux domaines objets de réflexions du présent Sommet des dirigeants du G7, à savoir **le commerce, le travail, l'environnement, la**

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sécurité et l'égalité des sexes, auxquels s'ajoute la question plus transversale des **migrations**. Les enjeux que recourent ces domaines se trouvent, ainsi, être des cibles du *Programme mondial Éducation 2030* des Nations Unies, et notamment de son Objectif de développement durable 4 dont la feuille de route pour la réalisation est le Cadre d'action Éducation 2030.

Le **commerce**, qui s'il est (plus) juste et équitable garantit la tranquillité et subsistance au plus grand nombre, trouve en éducation les bases de la formation de ses acteurs.

L'enjeu du **travail** nécessite de revoir et d'adapter nos politiques de formation et de qualification des jeunes en vue de mieux les préparer aux défis qui seront, voire sont déjà, les leurs.

L'éducation peut être un grand facilitateur de l'**égalité des genres** et un effaceur de toutes autres formes d'inégalité ou d'injustice, si l'on s'en donne les moyens.

L'éducation favorise la **sécurité** en contribuant à l'édification des défenses de la paix au plus tôt chez les plus jeunes : d'où l'ambition louable de l'UNESCO de « Construire la paix dans l'esprit des hommes et des femmes » (cf. Préambule de l'Acte constitutif de l'UNESCO).

À l'heure de grands changements dans notre écosystème, éduquer à la protection et à la préservation de l'**environnement** apparaît comme incontournable.

Des avancées dans les domaines cités, par une meilleure éducation, auront des répercussions positives sur les **migrations** qui aujourd'hui sont le lieu des pires horreurs et des tragédies indicibles.

Tout ceci témoigne donc de la place centrale de la question éducative dans la solution aux défis mondiaux complexes que nous vivons.

Les dirigeants des G7 et le monde auraient tout intérêt à consacrer à l'aide à l'éducation l'attention et le soutien qu'elle mérite pour certes le bien-être des plus démunis de l'humanité, mais aussi pour la quiétude des plus fortunés.

Dans un monde devenu plus que jamais un village planétaire et interconnecté, ce qui se passe dans une de ses concessions se propage inmanquablement dans les autres concessions que ce soit du bien ou du mal.

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Mathieu BOUSSICHAS²

What Response of the G7 to Economic, Environmental, and Security Challenges of the Sahel?

(le français suit)

The 193 Member States of the United Nations have adopted a common agenda of sustainable development in 2015, materialized by 17 major thematic goals and 169 targets to be achieved collectively and in all countries by 2030. These sustainable development goals (SDGs) cover main issues that countries are facing. Above all, this new agenda underlines how these issues are interwoven and how international cooperation is essential to address these challenges.

As a group of leading countries, the G7 plays a major role in promoting this agenda and its values. This requires the G7 to implement strong and coordinated development cooperation policies which take into account all aspects of sustainable development.

Because they are particularly complementary and related to each other, the issues put forward by the Canadian Presidency of the G7 - *inclusive growth; employment; kind; environment; security* - cannot be addressed in silo or in an isolated way by each country. The question is to know how to better coordinate the actions and public policies related to these issues so that they are as effective as possible.

If the communiqué of the G7 Ministers of Foreign Affairs and Security in April 28, 2018 reaffirms their willingness to collaborate on some critical factors of security in the world, it deals with only very few interactions between security issues and other Canadian priorities. However, it is necessary to understand these links in order to implement appropriate and coherent responses so that they are effective and sustainable.

The example of the Sahel, which curiously is not included in examples of regions of insecurity cited by the communiqué, illustrates the links between the themes privileged by the Canadian Presidency but also the need for better coordination of reflections and actions of donors.

Indeed, the Sahel is in a situation of poverty and growing insecurity that constitutes a major obstacle to the realization of the SDGs in these countries, maintains development of illegal traffics, promotes the rise of terrorism and drives millions of people to migrate. Faced with these threats, the only military response is not enough.

The G7 must be able to provide a global response to the Sahel. In parallel with a coordinated military action, the G7 countries must implement an ambitious development cooperation policy taking into account all the factors and issues of development: economy, employment, inequality, environment, migration, but also security.

The involvement of the G7 countries in this region is even more justified that they share a common destiny in part. Beyond economic and trade relations that should grow in the future, security and migration issues in the Sahel have strong implications for the G7, particularly for European countries.

Demographic prospects in the Sahel for the 21st century should increase migratory pressure on the G7 countries.

Another major factor of this pressure, growing insecurity feeds chronic underdevelopment. Unemployment and the lack of prospects for young people are factors of instability in the country, especially as this youth is

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very large, fast-growing and does not have always the level of education required to be employable. Quality education and training tailored to a population predominantly rural are so fundamental.

Security allows for the development so that the development itself can bring lasting peace and security for the people. Security spending is also largely left to the sole responsibility of the Sahelian countries whose tax revenues are considered to be much too low. There is a strong risk of crowding out of social spending by expenditure on security that the action of donors does not reduce enough, far from it. This issue could also lead to wonder about the type of assistance that would be the most suited to crisis situations.

Finally, the global warming issue cannot be excluded of this comprehensive approach, in particular because of the consequences on crop yields but also because there is a strong correlation between climate change-related migration and their contribution to the increase in violence or insecurity.

The G7 leaders should be committed:

1. To implement a vigorous and sustainable policy for the development of the Sahel, in line with security issues. This involves among other things substantially increasing assistance to this region, improving the coordination of donors and wondering about the necessary security spending that often limit state budgets.
2. To improve the governance and the actions in rural areas, particularly for education and rural development, bearing in mind the necessary demographic transition and the position of girls and women who constitute the most vulnerable part of these populations.
3. To support specific and tailored intervention tools, allowing the compartmentalization between the issues, such as the *for the Sahel Alliance*.
4. To support applied research initiatives with the intention of understanding the local context and facilitate the appropriation by local governments to support policies.
5. To increase official development assistance adapted to intervention in the riskiest situations and facilitating the mobilization of private investment in the most vulnerable countries.

Quelle réponse du G7 face aux défis économiques, environnementaux et sécuritaires du Sahel ?

Les 193 États membres des Nations Unies ont adopté en 2015 un agenda commun de développement durable, matérialisé par 17 grands objectifs thématiques et 169 cibles à attendre par tous d'ici 2030. Ces objectifs du développement durable (ODD) couvrent les enjeux les plus importants auxquels font face les pays. Surtout, ce nouvel agenda souligne combien ces enjeux sont imbriqués entre eux et combien la coopération internationale est indispensable pour relever tous ces défis.

En tant que groupe de pays leaders, le G7 joue un rôle majeur dans la promotion de cet agenda et des valeurs qu'il porte. Cela nécessite de la part du G7 des politiques de coopération au développement fortes et coordonnées, qui prennent en compte tous les aspects du développement durable.

Parce qu'ils sont particulièrement complémentaires et liés les uns aux autres, les enjeux mis en avant par la présidence canadienne du G7 – croissance inclusive ; emploi ; genre ; environnement ; sécurité – ne peuvent être traités ni en silo, ni de façon isolée par chaque pays. Toute la question est de savoir comment coordonner au mieux les actions et les politiques publiques relatives à ces enjeux pour que celles-ci soient le plus efficaces possibles.

Si le communiqué des ministres des Affaires étrangères et de la Sécurité du G7 du 28 avril 2018 réaffirme leur volonté de collaborer sur certains facteurs essentiels de la sécurité dans le monde, il ne traite que très

peu des interactions entre les enjeux de sécurité et les autres priorités canadiennes. Or, il est nécessaire de bien comprendre ces liens afin de mettre en place des réponses adaptées et cohérentes pour que celles-ci soient efficaces et durables.

L'exemple du Sahel, qui curieusement ne figure pas parmi les exemples de régions d'insécurité cités par le communiqué, illustre bien les liens entre les thèmes privilégiés par la présidence canadienne mais également la nécessité d'une meilleure coordination des réflexions et des actions des bailleurs.

En effet, le Sahel connaît une situation de pauvreté et d'insécurité croissantes qui constituent un obstacle majeur à la réalisation des ODD dans ces pays, entretiennent le développement des trafics, favorisent la montée du terrorisme et poussent à la migration des millions de personnes. Face à ces périls, la seule réponse militaire ne suffit pas.

Le G7 doit pouvoir apporter une réponse globale au Sahel. À côté d'une action militaire coordonnée, les pays du G7 doivent mettre en place une politique de coopération et d'aide au développement ambitieuse et complète prenant en compte tous les facteurs et enjeux du développement : économie, emploi, inégalités, environnement, migrations mais également sécurité.

L'implication des pays du G7 dans cette région du monde est d'autant plus justifiée qu'ils partagent avec elle un destin pour partie commun. Au-delà des relations économiques et commerciales vouées à s'intensifier dans le futur, les enjeux sécuritaires et migratoires du Sahel ont de fortes implications pour le G7, en particulier pour les pays européens.

Les perspectives démographiques au Sahel pour le 21^e siècle devraient accentuer la pression migratoire s'exerçant sur les pays du G7.

Autre facteur prépondérant de cette pression, l'insécurité grandissante se nourrit du sous-développement chronique. Le chômage et l'absence de perspective pour les jeunes sont des facteurs d'instabilité pour les pays, d'autant que cette jeunesse est très nombreuse, en forte croissance et n'a pas le niveau d'éducation requis pour être employable. Une éducation de qualité et des formations adaptées à une population rurale à près de 70% sont donc fondamentales.

La sécurité doit permettre le développement afin que le développement lui-même puisse apporter une paix durable et la sécurité pour les populations. Les dépenses de sécurité sont d'ailleurs en grande partie laissées à la seule charge des pays sahéliens dont les revenus fiscaux sont jugés beaucoup trop faibles. Il existe un fort risque d'éviction des dépenses sociales par les dépenses de sécurité que l'action des bailleurs ne réduit pas suffisamment, loin s'en faut. Cette question pourrait par ailleurs conduire à s'interroger sur le type d'aide le plus adapté aux situations de crise.

Enfin, l'enjeu du réchauffement climatique ne peut être exclu de cette approche globale, en raison notamment des conséquences sur les rendements agricoles mais aussi parce qu'il existe une corrélation forte entre les migrations internes liées aux chocs climatiques et leur contribution à l'accroissement de la violence ou de l'insécurité.

Les leaders du G7 devraient s'engager :

1. Pour une politique durable et vigoureuse pour le développement du Sahel, en cohérence avec les enjeux de sécurité. Cela implique entre autres d'accroître substantiellement l'aide apportée à cette région, d'améliorer la coordination des bailleurs et de s'interroger sur les nécessaires dépenses de sécurité qui souvent grèvent les budgets des États.
2. Pour une amélioration de la gouvernance et des actions dans les zones rurales, notamment en faveur de l'éducation et du développement rural, sans perdre de vue la nécessaire transition démographique et la position des filles et des femmes qui constituent la partie la plus vulnérable de ces populations.

3. Pour un soutien à des outils d'intervention spécifiques et adaptés, permettant le décloisonnement entre les enjeux, tels que l'Alliance pour le Sahel.
4. Pour un support accru aux initiatives de recherche appliquée ayant pour objectifs de mieux comprendre le contexte local et de faciliter l'appropriation par les administrations locales des politiques de soutien.
5. Pour une aide publique au développement permettant d'intervenir dans les situations les plus risquées et facilitant la mobilisation des investissements privés dans les pays les plus vulnérables.

Peter DIETSCH³

Limiting Tax Competition through a Minimum Corporate Tax Rate

Tax competition between states represents an important obstacle to states pursuing their policy agenda. Downward pressure on tax rates on mobile capital, including corporate capital, undermines both states' capacity to provide public goods and tends to make tax systems more regressive. Rich countries have been able to shift the tax burden onto less mobile factors such as labour and consumption, thus protecting their revenues and public spending, but at the price of a more regressive tax system. Poorer countries tend not to be able to accomplish this shift, and thus find themselves closer to a race-to-the-bottom.

Tax competition both undermines a level-playing field in trade relations and distorts the free-market allocation of jobs between countries (two of the issue areas of this T7 Seminar). This synopsis explores the fundamental challenge in the competition for corporate capital, explains where existing initiatives fall short in addressing it, describes one potential solution and, finally, considers a number of objections to it.

The challenge

There are two kinds of tax competition for corporate capital. First, *competition for corporate profits*. Multinationals (MNEs) are economically active in high-tax jurisdictions but, using a variety of techniques such as transfer mispricing or earnings stripping, they manage to shift their profits to low-tax jurisdictions. Even though much of this kind of activity is legal under current rules, it is morally on a par with individual tax evasion: after all, MNEs benefit from the public goods and infrastructure in one place without shouldering their fair share of the costs.

Second, *competition for real economic activity*. Through low tax rates on corporate profits, some countries attract large foreign direct investment (FDI). Small countries have an advantage in this context, because the inflow of capital tends to compensate for the revenue losses due to lower rates.

Crucially, there is an inverse relationship between these two kinds of tax competition. The harder it is for MNEs to engage in profit-shifting, the bigger the incentive to actually relocate the economic activity to a low-tax jurisdiction.

Where current initiatives fall short

Both the Organisation for Economic Co-operation and Development (OECD), with the support of the G20, and the European Union (EU) have long been alert to the problems tax competition generates. As far as fighting individual tax evasion is concerned, they have made substantial progress (see e.g. the OECD's Common Reporting Standard put in place in 2014 or the EU's efforts to adopt a Common Consolidated Corporate Tax Base [CCCTB]).

However, when it comes to taxing MNEs, their policy initiatives are all limited to addressing the *first* kind of tax competition for corporate capital – the OECD's base erosion and profit-shifting (BEPS) action catalogue is emblematic in this regard.

We have reason to be sceptical about the effectiveness of this approach: Will the governments of rich countries be truly committed to ending profit-shifting if the price they have to pay for this is an outflow of

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productive capital (and jobs) to lower-tax or, more generally, lower-cost, jurisdictions? The plausible answer to this question is no. Certain kinds of profit-shifting might indeed be ruled out, but others will replace them (see e.g. the proliferation of patent box regimes in recent years). The basic dynamic of international tax competition is unlikely to change.

A potential solution

Corporate taxes are here to stay. One way to strike a compromise between fiscal autonomy on the one hand, and minimising the distortions from large discrepancies in corporate tax rates on the other hand, is to complement efforts against profit-shifting with a minimum corporate tax rate (somewhere between 10% and 15%, say).

By directly addressing the trade-off between the two kinds of tax competition outlined above, such a policy promises to be more effective than current initiatives. One reason for anticipating this boost in effectiveness lies in the fact that such a policy not only curtails the capacity of MNEs to shift their profits, but also the capacity of states to “poach” the tax base of other jurisdictions.

If you think that a minimum tax is unrealistic, think again. The base erosion and antiabuse tax (BEAT) introduced in the 2017 US tax reform effectively represents a minimum tax. It is currently at 5%, but set to rise to 10% in 2019 and 12.5% in 2020. Other countries should follow suit.

Three unjustified worries

Is a minimal corporate tax rate inefficient? There is no obvious reason to think so. On the contrary, one might believe that by reducing the discrepancies in corporate tax rates, such a measure would contribute to levelling the economic playing field.

Does a minimal corporate tax rate violate national sovereignty? It does indeed limit the *de jure* fiscal sovereignty of states to some extent: They would no longer be allowed to levy a lower rate. However, it would boost the *de facto* fiscal sovereignty of states, which is what matters for their policy agenda.

Would a minimal corporate tax rate be unfair to developing countries? In other words, is it unfair to deprive a poor country of one of the available tools to attract capital? This is an important objection, and some exemptions for poor countries might be appropriate.

Hugo DOBSON⁴
*Taking the Role of Women in Conflict Seriously
at the G7 Charlevoix Summit 2018*

That women's experience of conflict and insecurity differs from men is now a widely accepted fact. However, unlike the connection between the environment and security, which could be traced back to predictions of Malthusian collapse, this acceptance is only a relatively recent development. It took the end of the Cold War to expand our understanding of 'security' to include non-traditional security threats and shift the referent of security to the individual level.

Focussing on women's experience of conflict brings together two of the declared themes of the G7 Charlevoix Summit: 1) 'Advancing gender equality and women's empowerment'; and 2) 'Building a more peaceful and secure world. However, the G7's engagement with this issue has been a long time coming.

We need to go back to the beginning of the millennium for a first attempt to address these two themes in tandem. G8 Foreign Ministers met in Rome in July 2001 and the resulting documentation included an appendix on strengthening the role of women in conflict prevention that recognised the international community's failure to 'ensure women's full and equal participation in conflict prevention, peace operations and post-conflict peace-building'. G8 Foreign Ministers declared that they would set an example and include women, women's groups and a gender perspective in all phases of conflict from prevention to resolution and beyond.

And yet (in the words of UK Foreign Minister William Hague), '[w]e know that tens of thousands of women were raped in Bosnia-Herzegovina in the 1990s, hundreds of thousands in Rwanda's genocide, and up to a quarter of a million in the Democratic Republic of Congo over the last decade'. It took until the UK's G8 Presidency of 2013 and the unlikely pairing of William Hague and actor, director and celebrity diplomat Angelina Jolie to raise the profile of the issue. The result was the G8 Declaration on Preventing Sexual Violence as well as G8 leaders pledging US\$36 million to combat violence against women in conflict. As [Julia Kulik](#) of the G7/8/20 Research Groups reminds us, this was the first occasion for G8 leaders to conflate women and their security as a single issue and place it at the heart of their agenda. At the same time, this specific issue will only be addressed effectively by adopting a wide-ranging, grassroots approach to address the deep-seated causes of gender inequality and resulting violence. Kulik has outlined in detail the extent to which the G7/8 leaders and their ministers have addressed women's rights and gender equality in the broadest terms since the 1990 Houston Summit, suggesting that it has at least a track record of sorts in this area.

It is encouraging to see the second session of the G7 Foreign and Security Ministers' meeting at the University of Toronto on 22 April 2018 address 'Gender Equality & Women's Empowerment with a focus on Women, Peace, and Security' and include non-G7 women foreign ministers. The resulting [Joint Communiqué](#) represents a continued positive development building on the communiqué issued at [Lucca](#) the previous year in that women appear throughout the communiqué regardless of topic, whether it be the rules-based international order, non-proliferation and disarmament or conflict prevention and UN reform.

However, the Charlevoix Summit should avoid delegating this issue to the Foreign Ministers meetings. For example, the [Leaders' Communiqué](#) that emerged from last year's Taormina Summit only mentioned women on five occasions in the different contexts of economic empowerment, employment and sustainable development, migration, food and health security, and careers in STEM subjects. By only making fleeting references and failing to gender-mainstream the issue of women in conflict, G7 leaders ultimately failed to

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emulate the approach and make the link that the Foreign Ministers had done so explicitly. This suggests a possible disconnect between the Foreign Ministers meeting and the leaders that needs to be addressed. Historically, foreign ministers have met separately from their leaders since 1998 and although this initiative has largely been a positive one, greater efforts need to be made to join up conversations and avoid the 'silo effect' of operating separately.

As regards leadership on the issue, with the focus attached to the issue of women's empowerment by a Canadian prime minister who self-identifies as a feminist both in terms of rhetoric and choice of T-shirts, the G7 leaders appear to be in a strong position to conflate and progress issues surrounding women's experience in conflict. Nevertheless, G7 leaders can certainly do better in terms of their collective and individual action and it should not be left to the more media savvy leaders to promote the issue.

Similarly, if the shock of events like the use of rape as a weapon of war and ethnic cleansing through the 1990s and the continued Boko Haram schoolgirl kidnappings failed to galvanise the G7 into collective action, then the ongoing #MeToo campaign closer to home might encourage leaders to make the connection.

Despite some obvious challenges, G7 leaders can provide moral leadership by first and foremost recognizing and destigmatizing the crimes committed against women in conflict and thereby reinforcing the Geneva Conventions, creating mechanisms by which victims are emotionally, legally and financially supported, and perpetrators prosecuted and brought to justice.

At the same time, they can re-engage with the challenge set in Rome by acting as role models in encouraging and monitoring institutional and cultural change in their own (and partner) military organisations, whether it be in terms of gender-awareness training or encouraging women to undertake front-line combat activities.

The G7 process often works best in an iterative fashion and since Lough Erne member countries have made collective and individual progress in these areas as outlined in its 2015 report on the implementation of the G8 Declaration on Preventing Sexual Violence in Conflict. Continued monitoring of any collective agreements is the *sine qua non* of this iterative approach.

The G7 functions most effectively as a group of like-minded leaders with shared values and norms. As the experience of women in conflict in some G7 countries is historically sensitive, if leaders wish to maintain cohesion and move forward together they might need to consider a future-oriented focus, although this is far from being a risk-free option.

The G7 process functions effectively when it is aware of its limitations and is willing to delegate to or create more legitimate and appropriate mechanisms for implementation. In this case, these bodies could range from the obvious like the United Nations, Security Council Resolutions 1325 and subsequent resolutions within the Women, Peace and Security agenda through to the International Criminal Court and along the way engage with a number of high-profile and local-level NGOs and CSGs.

Finally, [G7 spouses](#) have been underused in recent years. Despite some genuine shortcomings, Laura Bush provides an example of how their participation in the summit process can transcend the ceremonial and have concrete outcomes in the case of showcasing the experiences of women in conflict zones.

Judit FABIAN⁵

Food for Thought on Gender and Trade

Submission to the Ideas 7 / Think 7 (I7 / T7) Summit, Quebec, May 21-23, 2018: Global Governance in a Time of Doubt – Responses to the Challenges of Complexity and Inclusion at the Multilateral Level.

The goal of this aspect of my research is to establish a strong research program and network investigating policy alternatives for addressing the gendered effects of Free Trade Agreements (FTAs) in the context of global trade governance.

The newly modernized Canada-Chile FTA (June 2017) was the first FTA openly to break with the doctrine, prevalent across political ideologies in the 1990s and 2000s, that the place for gender or even human rights was in other areas of international law, not within trade agreements themselves. It was the first to legitimize gender as a topic for trade negotiations, the first to require the development of a comprehensive understanding of the gendered effects of trade, and, not least, the first to require collection of sex-disaggregated data concerning trade. The Canada-Chile FTA also created a commission to report in two years concerning implementation of the gender chapter. These features place it far beyond CETA and the NAFTA Labour Side Agreement, both of which address gender or women only relatively briefly and narrowly.

The inclusion of gender rights within the NAFTA modernization objectives stated 14 August 2017 by Minister Freeland supports and expands upon the example of the Canada-Chile FTA. It consolidates the inclusion of gender rights and gender equality as legitimate topics of negotiation in international trade governance, and marks the first time that recognition of gender rights and equality have been included as stated objectives in a plurilateral trade negotiation (i.e. a negotiation involving three or more parties). Should negotiations produce a gender chapter, it would also mark the first time such a chapter has been included in any plurilateral trade agreement. The modernized NAFTA could therefore mark the beginning of the open consideration of gender within global trade governance, and would point toward its inclusion in the next round of WTO negotiations. The institutional openness of the WTO, and the openness of 117 WTO Members and Observers, to such a development is documented by the *Declaration on Trade and Women's Economic Empowerment* of December 2017, and the creation of the 'Women and Trade' section within the WTO Secretariat. Finally, "advancing gender equality and women's empowerment" is one of five themes announced for Canada's 2018 G7 presidency.

The policy relevance of gender to global trade governance is clear and straightforward: as has been well established in research produced by academics, International Organizations, and NGOs, trade agreements produce gendered economic effects. It follows necessarily that the greatest economic benefit of FTAs can only be obtained if their gendered effects are understood and accounted for within the agreements themselves. Despite this, the question of addressing the gendered effects of FTAs is underexplored in research, with one recent study commissioned by the European Union saying that research on gender and trade remains in its infancy. In the Canadian context I know of no large research initiative or center that studies the area.

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Some Policy Recommendations to Consider

1. Understand the gendered effects of FTAs:
 - a. Define the gendered effects of FTAs and trade in order to facilitate the collection of sex-disaggregated data
 - b. Establish a global database of sex-disaggregated data concerning FTAs
2. Include a stand-alone gender chapter in FTAs wherever possible
3. Protect and promote the WTO's 'Women and Trade' section within the WTO Secretariat
4. Establish a similar 'Women and Trade' section within Global Affairs Canada (GAC). This section could perhaps be included within a more general 'Inclusive Trade' section in GAC.

Nathalie GRAVEL⁶

Healthy Oceans and Coastal Environments: Towards an Environmental and Redistributive Justice at the G7 Charlevoix Summit 2018

Life in the oceans is deteriorating faster than we think. Since the oceans are part of the Commons at the periphery of the world's population centers, they are widely ignored by most of us. They are the biggest repository of urban agglomerations and industrial waste and the target of old and new extractive activities (such as industrial fisheries, factory ships, seafloor mining exploration, etc.). Coastal lands and villages often fall victims to oil spills with enduring consequences on their fauna, flora, the human health and daily activities of their inhabitants. Many locations in developing countries have never received adequate compensation nor sufficient help in the aftermaths of a crisis to clean up their environment. The poorer they are, the more dependent they are on their natural environment to sustain their way of life. Their lack of financial resources makes it unlikely for them to have a fair access to justice, to be heard and to have companies acknowledge their responsibilities. Overall, extractivist activities have the potential to destroy the earth's Commons such as the oceans, forests, the air we breathe, biodiversity and the services some species offer (such as pollination). It is due time for world leaders to take action and re-establish equality in natural resource extraction management to compel transnational corporations (TNCs) that utilize our Commons in an unrestricted way and for the sole benefit of their shareholders to act as responsible economic actors.

Stronger states would mean more disciplinary measures for corporations, be them national or transnational, in order to change the power relations at their exploitation sites and make them answerable to the local populations. Codes of conduct relating to corporate activities rarely tackle environmental problems and ethics towards local populations. As part of the suggestions proposed here, are:

- *Compensation payments for negative externalities and the loss of usage value* on the part of corporations to local municipalities should be made compulsory as part of tougher and fairer environmental laws;

- *The creation of an International Environmental Justice Court*, after the model of the International Penal Court, in order to settle environment-related disputes involving TNCs and local populations. Easy reporting and representation before justice should be made available to any community that is a victim of environmental crimes causing prejudices to its living environment, health, capacity to occupy its territory, and income-earning activities of its members;

- *Free juridical assistance and representation to badly damaged coastal communities* which depend on traditional fisheries after suffering from environmentally destructive events such as oil spills. Those event are devastating for individuals as well as for the human communities and their future, most notably by reducing their food security and compromising their traditional identity. International governance institutions and NGOs should be able to offer assistance for quick dispute settlements and compensations;

- *Worldwide encompassing programs for coastal sanitation* should promote and finance the adoption of composting toilets technology to reduce the content of organic matter in the waterways (decreasing the potential for toxic algae blooms), increase the quality of water for residential daily use (with positive impacts on public health), and to control eutrophication of waterways and oceans. Investing in sanitation worldwide would have a win-win impact for the common good and the quality of life of millions who live on coastlands, and

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- *Coastal reforestation programs* should be developed on a global scale to re-establish natural vegetation barriers that once provided a shield for the oceans against anthropogenic waste and pollutants and protected coastal populations from storms and flooding. By replanting and restoring biologically diverse forests, new economic opportunities for local populations would arise to help earn a living (ex. planting jobs, shrimp harvesting in mangrove forests and non-timber forest product harvesting). Reforesting ocean coastlines and riverbanks would act as a fence against consequences of climate variability.

According to Joseph E. Stiglitz, chair of the UN Commission on the global financial crisis (2009), in order to create a shared desirable future for humankind, leading countries should 1) cooperate to reduce world inequalities, and 2) integrate the marginalized countries and populations in the common search for solutions (ex. by inviting them to take fully part in world negotiation fora right from the start). Alongside, we may add that helping those populations increase their human capital and their access to justice and fair treatment would be a step towards offsetting the actual power balance playing against them. There is little doubt that protecting the world socially and environmentally vulnerable communities and areas, such as oceans and coastland populations, would help preserve the delicate balance of life on Earth.

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Edward GREENSPON⁷

Containing Conflagration: From Digital Disruption to Digital Democratization

The unthinkable is happening. Democratic societies are under tremendous stress – and the pressure is coming from within. The genius of the post-war order (democratic institutions, free and open markets, common international purpose) is facing its greatest internal challenge. While liberal democracy remains the most participatory and adaptable model of governing, citizens in many countries are losing confidence in its ability to deliver the goods for them. To borrow a phrase, many feel the system is rigged. Or merely unresponsive.

This is happening within a context of the concourses of public communications evolving from a free press (and broadcast) model that operated almost universally within a broad societal consensus to one in which anything goes. In turn, the village square is increasingly populated by the kind of extreme views that used to only exist on its fringes. As digital space takes over the public square, the benefit of previously excluded groups gaining voice is being negated by a culture in which bullying, misogyny and racism are becoming normalized.

In this emerging culture, falsehood carries as much weight as truth. Emotion is more discoverable than reason. Myth and rumour can trump evidence. Quick judgements win out over considered debate. The much discussed phenomenon of echo chambers (voluntary) and filter bubbles (involuntary) further frustrates the democratic ideal of truth and falsehood grappling. And, of course, malevolent actors make it worse still by exploiting open entry systems to confuse and divide citizens with disinformation and hate.

These digital vulnerabilities warrant discussion on their own as to the appropriate policies and governance models needed to buttress trust and legitimacy and ensure the dominant platforms of a consolidated Internet are held to account for serving the public good - **while not encroaching on freedom of expression**.

That said, the greatest danger from digital culture and distrust lies in its intersection with the impacts of technological change, particularly AI, on labour markets. Whole categories jobs are threatened to be wiped out entirely or be stripped of many of their tasks. This will throw some people up the value chain and more in a downward direction. Robust policies are required to ensure a) opportunities are inclusive and generate gender equality and inclusive economic growth; b) individuals and communities are not left alone in managing the burdens of adjustment; c) digital media and AI are governed in a manner consistent with the public interest and democratic values.

Many of these are new threats, with which policymakers are only just becoming familiar. The G7 countries tend to be more accustomed to the idea of existential threats originating from outside their borders, whether the Cold War until the late 1980s and early 1990s or the subsequent and ongoing war on terrorism. (Indeed, contemporary digital threats can also come from without, as we've seen with Russian state interventions in democratic elections, and G7 leaders must continue to be attentive to these risks.)

In the decades after the Second World War, the prime threat to democracy was seen to come from state authoritarianism repressing individual rights. This was the main caution of the great post-war novels by the likes of Kafka, Koestler, Kundera, Solzhenitsyn, Orwell and Bradbury and, more recently, Dick and Atwood.

But as U.S. academic Neil Postman pointed out in his 1985 book, *Amusing Ourselves to Death*, there is an alternative to the Orwellian view of democracy dying -- one inspired instead by Aldous Huxley's *Brave New World*. In Huxley's world, Big Brother is not watching us. Instead, we choose to watch him – often for hours on end.

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Where [Orwell](#) feared those who would ban books, [Huxley](#) feared there would be no need - for there would be so few who still wanted to read a book. Where [Orwell](#) feared the truth would be concealed from us, [Huxley](#) feared the truth would be drowned in a sea of irrelevance and trivia. In *Brave New World Revisited*, Huxley said those ever on the alert to oppose the imposition of tyranny "*failed to take into account man's almost infinite appetite for distractions.*" We have allowed for distracted citizens and the erosion of institutions that brokerage differences, such as political parties. What is to be done?

History teaches us that technological advances ultimately contribute to societal betterment. In the period of transition, though, social cohesion and democratic norms are vulnerable to what Freud, in a different context, called the "thin veneer of civilization." Moving democratic societies forward takes hard work on many levels. Legitimacy and trust are critical drivers. If they are to contain a possible conflagration from AI-induced disruption, G7 leaders need to figure out how best to share the upsides (growth that works for everyone; advancing gender equality) and mitigate downsides (preparing for jobs of the future) - **within the context of fresh approaches to technology governance.**

The policy areas involved are myriad, touching upon skills and education, social policy, taxation, civic engagement, data rights and privacy, electoral laws, competition policy, national security, the future of journalism and more.

In sum, they provide an opportunity for the G7 Charlevoix Summit to pioneer a democratic digital revolution that simultaneously enhances inclusive economic growth, jobs of the future, gender equality, ecological capital, peace and security, and, above all, the democratic values everywhere that are the core mission of the G7 itself.

John KIRTON⁸

Generating Green Jobs at the G7 Charlevoix Summit 2018

The jobs of the future will be cleaner, greener ones. They are being driven by globalization in the form of proliferating planetary ecological stressors such as climate change and biodiversity loss and by the growing international mobility of workers and technologies with skills of all relevant sorts. They thus require international cooperation and improved global governance to grow these green jobs and ensure that workers fairly and inclusively secure the opportunities and benefits from this growing global demand.

G7 countries stand at the centre of this ecological-employment revolution, even as emerging powers led by China are moving fast. Green jobs are growing faster than those in the older sectors in most members of the G7 club, as the shift from coal to renewable energy dramatically shows. Indeed, as the G7 leaders promised at their most recent summit in Taormina in May 2017, “We are determined to harness the significant economic opportunities, in terms of growth and job creation, offered by the transformation of the energy sector and clean technology.

Yet G7 summits have rarely forged the ecological-employment link in the hundreds of collective commitments they have made on either the environment or employment. Since the start of the annual G7 summit in 1975 through to its most recent gathering in 2017, of its 75 precise, future-oriented politically binding commitments on employment and labour, only seven have referenced the natural environment in any way and another six labour standards in environmental agreements or the reverse (See Appendix A). G7 leaders have thus done little to forge the labour-environment link and less to make their commitments on employment or the environment generate green jobs.

Their employment, labour and innovation ministers have done even worse. The G7 Ministers of Employment and Innovation in Montreal on March 27-28, 2018 ignored the natural environment in their concluding News Release and Chairs’ summary, save for a single passing reference to “clean technologies.” They affirmed that artificial intelligence could promote labour force participation in “...key areas such as health, economic, security and governance” but left the natural environment off the list. In doing so, they signalled that it was not a key area, even though Canada’s prime minister had from the start identified as one of his five G7 Charlevoix Summit priorities “climate change, oceans and clean energy.” Moreover, the ministers sunk further down the science, technology, engineering and mathematics (STEM) silo, heralding it as the silver bullet bringing the jobs of the future, when the latest research from the Organization for Economic Co-operation and Development (OECD) and the Royal Bank of Canada show that “global awareness” is what workers really need.

G7 leaders can and should do better, as they are the only individuals in the G7 who at home all have a direct mandate from their voters, are responsible for all subjects their government’s face and for addressing them in synergistic, mutually supportive ways.

G7 leaders at their Charlevoix Summit should make several direct commitments to link the environment and employment in order to foster the green jobs of the future, and do so in ways that will be complied with, to benefit both the workers and the natural environment on which they depend to live.

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G7 leaders should thus consider making the following commitments:

1. We will provide financial and other support to youth who need it to participate equally alongside those able to participate on a voluntary basis in coastal clean-up days within our own and partner countries, with a priority on gender balance and indigenous peoples' inclusion.
2. We ask our employment ministers, working with their constitutionally responsible component governments to consider how voluntary and paid participation in coastal cleanup days and similar environmental remediation programs can be included as the equivalent of regular employment in assessing eligibility for unemployment insurance.
3. We invite the Financial Stability Board to develop training and certification programs for individuals working or wishing to work in green finance, including green bonds, resilient infrastructure financing and climate risk insurance.
4. We ask our environment ministers to work with our employment ministers, members' constitutionally responsible component governments and other stakeholders, to assess the ability of our two year post secondary vocational colleges to prepare current and prospective workers for the green jobs of the future, and how they can be strengthened, including in regard to digital and community engagement skills.
5. We will work with our constitutionally responsible component governments and other stakeholders, to strengthen the ability of our universities to educate their students through courses and programs on the environment, sustainability and global awareness.
6. We will support and scale up the embryonic "ethical cobalt" projects that track the entire supply chain of the cobalt needed for electric vehicles and other innovative, green products, to ensure that they do not exploit child labour or the natural environment.
7. We ask our labour and environment ministers to jointly assess how the implementation of our employment and our environment commitment is securing the enhanced employment and ecological results we seek and to report their finding to us at our next summit.
8. We commit to encouraging [supporting] the IMF to include a gender and climate analysis in all their Article IV consultations and lending programs building on the pilot programs the IMF currently has underway.
9. We commit to encouraging [supporting] the IMF to initiate analytical work on the gender impacts of monetary, exchange rate and financial (regulatory) policy.
10. We commit to encouraging [supporting] the IMF to assess how a rapid transition to clean, efficient and renewable energy contributes to financial stability.

Patrick LEGROS⁹

*Matching International Migration and Labor Market Needs¹⁰ at the G7
Charlevoix Summit 2018*

One of pillars of the G7 2017 summit was the adaptation of human capital to the digitalization and innovative technologies, and the challenges brought by international migration. The discussion on migration was centered on the migrant and refugee crisis and not on the general question of the design of immigration or emigration policies in the face of changing labor market brought by innovative technologies or demographic conditions.

Mobility of the labor force, within a country, across sectors, or between countries, has been documented to be a source of growth. Unfortunately, most of the current discussion, either in the G7 past summit or in local politics, is about the negative aspects of migration (illegal migrants, the refugee crisis) rather than the benefits that migration may bring (to the sending or the receiving country).

The positive view towards migration is validated by econometric studies that show that development and migration can complement each other, and that emigration can naturally accompany the development of a country. This research overturns the common perception that development and emigration undermine development (e.g., brain drain), or that low development is the cause of emigration. For “receiving” countries, immigration of high skill individuals contributes to innovation and growth, while immigration of low or middle skill individuals alleviates the deficient local labor supply for certain jobs or negative demographic trends.

As a recent World Bank report emphasizes, it is time for a serious *partnership* between sending and receiving countries. Part of this partnership may have to take the form of helping the development of the “sending” country rather than inducing it to control more tightly its frontiers; hence the design of policies that increase the match value between the migrant and the labor market needs.

Such initiatives exist. For instance, labor migration is one of the four key policy areas of the African Union Commission Ouagadougou + 10 Plan of Action. The implementation of mobility policies (at different the regional or country levels) is facilitated by programs developed by the International Labour Organization, the International Organization for Migration and the United Nations Economic Commission for Africa.

The EU has made strong progress towards facilitating mobility of its citizens. But the EU has not been successful in developing agreements for immigration; this failure may reflect a lack of interest, the belief that migration creates negative externalities, or the use of instruments, like the mobility partnerships, which had little effect on mobility. Designing migration policies is challenging, especially when there are unanticipated flows of migrants and when the flows of migrants are not uniformly distributed.

For these reasons, we make the following recommendations to the G7 leaders:

1. Develop bilateral agreements (potentially coordinated within the G7) with countries that are natural sources of immigration in order to *coordinate* emigration and immigration policies.
2. The design of these policies should be done outside the immediate silo of immigration, and include investments in education or training, which (if there is complementarity between development and migration) will benefit both the recipient of these efforts but also the countries that are potential immigration targets. This is especially important for low and middle skill levels.

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¹⁰ This note reflects many discussions with my colleagues at the IEE, in particular Philippe de Bruycker and Anne Weyemberg.

3. Such agreements should reflect the needs of both partners, and the long-term benefits of migration. For instance, subsidizing another country for controlling (preventing) emigration may lead to a short-run benefit but a long-term loss.
4. In general, immigration policies should be based on long term evaluations (currently lacking) of the flows of migrants, of the needs of the labor markets and the costs and benefits of limiting or facilitating legal migration. The statistical institutes of the G7 should be induced to develop methodologies and datasets that will facilitate such evaluations.

Siddharth MALLAVARAPU¹¹
Gender Equality and G7 issues

A theme I have chosen to address in this brief intervention is gender equality. This stems from the context and country I belong to, India. For at least a decade now, India has witnessed considerable churning and sustained agitation over facets relating to the challenges to gender equality; this struggle continues till date.

It is imperative to address the issue of the dignity of women both in private and public spaces. The matter of gender has a bearing on the overall quality of life of a family. Many studies have established that the mother's nutritional level determines the health and life-chances of her children; her education along with that of her partner determines the social capital at their disposal. Ultimately, attitudes towards gender are as much a product of internal domestic socialization as they are of subsequent encounters with the external world. Unconsciously, women often also end up successfully reproducing patriarchy's deep inequities in the standing of men and women. By treating something as the natural scheme of things they end up legitimating it. How can this change? What can the G7 do to alter this state of affairs?

In the course of this think piece, I also seek to link issues of gender equality with human security. If there is fear among women to walk freely in their villages, towns and cities, to educate themselves, to work in institutional environments dominated by men, to speak their minds – to name a few scenarios - then it is not a safe society. Violence is a serious structural issue when it comes to thinking about gender inequalities. Unless we address the deeper sources of anxiety vis-à-vis gender, we would have failed in our task of creating more humane societies both nationally and internationally. Gender equality remains at the heart of accomplishing comprehensive human security.

The G7 has considerable resources and clout to make a substantive difference when it comes to gender equality. While in principle all states today claim to be committed to gender equality, in practice there is a huge gap in realizing this goal. The fundamental challenge is dismantling patriarchy in international structures. The task also remains one of going beyond critique to think of constructive proposals.

There are some concrete measures that the G7 can take in this regard. These strategies can help ratchet international consciousness around issues of gender equality and also induce a sense of urgency to their being addressed. While outcomes could be mixed - successful, partially successful or even failures - it is important to work towards operationalizing gender equality in a largely unequal world.

I have listed a slew of measures that might provide one map for the G7 to go ahead with.

- a. Identify and incentivize forms of behaviour that practice gender equality and penalize practices of gender inequality. Consider how gender equality is tied up to the larger political economy of labour and create environments that are more enabling especially to women. It might be important in this context to identify both INGOs and NGOs apart from state initiatives to support in this task.
- b. Contribute to the institutionalization of gender equality within countries. Gender equality must not be merely a matter of individual goodwill. It requires institutionalization as it generates more 'stable expectations' about what norms can be expected in diverse domains. International Law could be an ally in subsequent claim-making advanced by domestic constituencies seeking legal remedies within institutions when it comes to gender inequality.

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- c. Support schools across the board that introduce modules on gender equality and make it a conscious part of their ethos. The earlier people learn the right attitudes towards each other, the healthier it is for society.
- d. Relate gender to context and begin with incremental measures. Lock, stock and barrel changes are never easily accepted. For change to be durable, it must begin with some immediate incremental steps. For instance, investments in street lighting could go a long way to ensure the safety of women.
- e. Work on mind-sets by educating younger boys especially about the importance of gender equality.
- f. Devote far more resources to the education of the girl child both nationally and internationally.
- g. Factor in the domestic household contributions of women as 'work' and human 'labour'. This will have economic implications and also be another element of providing dignity to both the labour and bodies of women.
- h. Name and shame countries which fare poorly in terms of penalizing sexual offenders, for example, in annual international statistics. We need to encourage narratives from the sufferers of sexual crimes and create repositories for future generations.
- i. Create an international consciousness about gender related violence both in domestic (private) and public settings.
- j. Treat the well-being of women as integral to human security and the nurturing of human capabilities. Investments in special precautions for vulnerable sexual minorities is absolutely essential.

Raffaele MARCHETTI¹²

Promoting a Safe Cyber World at the G7 Charlevoix Summit 2018

Cybersecurity is increasingly of central concern for governments, businesses and individuals. It is enough to know that 74% of businesses expect to be hacked each year. The estimated economic loss due to cybercrime is expected to reach approximately \$3 trillion by 2020, with \$400 billion lost annually. And every year companies pay around \$35,000 for protection against cyber threats. There is also a price to pay in terms of privacy: In 2015, the world witnessed a loss of 700 million personal data records. Finally, a political link is becoming increasingly evident. In this context, in the cyber world, we observe the multiplication of offensive power in the hands of a few technologically-advanced countries that are in a state of growing rivalry. A typical phenomenon of our time is cyber foreign policy by proxy. All powerful countries have done it, and all have pointed fingers at others for doing the same. According to Cyber Operation Tracker, since 2005, 16 countries in more than 150 instances have directly or indirectly used cyber techniques to interfere in the domestic affairs of other countries. Military and civilian espionage, political destabilization, and sabotage of critical infrastructures are becoming common practices.

In response, elements of cyber global governance have been fostered in recent decades, but without any universal agreement. In sum, what is emerging is an uneven set of arrangements at various levels: national regulations, international laws, professional standards, purely political agreements, and technical protocols. Clear positions and harsh debates are however characterizing such arrangements (“regime complex”). The debate is open.

We are in a transition period characterized by a decreasing trust among the major world powers. At least as from 2008, the world has drifted apart: This has been a very difficult decade of polarization. However, to build collective institutional responses to the cyber crises based on the triple principle of confidentiality, integrity and availability, a certain degree of trust is needed. Such trust will come only after there is reciprocal recognition among countries that they are fully cyber sovereign, hence reciprocally vulnerable.

G7 leaders can and should do better, as they are uniquely positioned to take serious and important commitments for the present and future of a large part of the world. G7 leaders at their Charlevoix Summit should make several direct commitments to promote a better global cyber governance to achieve a safer digital world to come. In this vein, G7 leaders should thus consider making the following commitments:

- We will support multilateral engagements to establish common rules of good behavior in the cyber world.
- We will promote the reflection on the relevance of international law on cyber activities.
- We will enhance cooperation with non G7 countries to relaunch trust building measures.
- We will strengthen international mechanisms of cyber forensic to enhance attribution of cybercrimes.
- We will continue to develop synergy with tech companies to develop sustainable solutions on cybersecurity.
- We will support research centers and universities to increase research and teaching on cybersecurity to educate a wider portion of our population to cyber hygiene.

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Exploiting Complexity to Generate Synergies

The proliferation of international institutions and transnational actors make global governance increasingly complex. Proponents of a centralized governance structure assume that this increasing complexity leads to incoherent policy actions. They believe that a centralized governance system would better facilitate the mitigation of negative externalities across issue areas.

This short think piece makes the opposite claim. It argues that, under certain conditions, complexity can favour synergies across issue areas. Recent research on the interplay between trade and the environment suggests that two features of the complex global governance structure are particularly promising for policy coherence, namely institutional competition and non-state actors' mobility.

1. The Power of Institutional Fragmentation

A governance structure fragmented in multiple overlapping institutions creates inter-institutional competition. In turns, competition is a powerful motivation to innovate and expand the traditional boundaries of an issue area. Each institution can act as a small-scale laboratory where like-minded negotiators are free to address emerging issues in innovative ways, while limiting the risks and avoiding the hurdles associated with experimentations at the global/multilateral level. Once an effective solution is identified locally, negotiators can replicate it in similar institutions.

This is arguably the reason why preferential trade agreements (PTAs) – rather than the WTO – are at the forefront of the trade and environment interplay (Morin et al. 2017). More than 400 PTAs were concluded in the last 25 years and many of them devote an entire chapter to environmental protection. They address a broad range of environmental issues including the trade in endangered species, exports of hazardous waste, and fossil fuel subsidies. Some these clauses are even more specific and enforceable than those of multilateral environmental agreements. Such progress could not have been reached at the multilateral level.

2. The Benefits of Intermingling Stakeholders

The complex governance structure is also multi-scalar. It does not limit stakeholders such as business groups, NGOs, scientists, media, and local governments to domestic policymaking. Instead, these stakeholders increasingly take advantage of complex governance structure to be active transnationally. They can also directly monitor states' discourse and behaviours in various international forums. As such, they can favour policy coherence by creating issue linkages and exposing states' policy incoherence.

Stakeholders' mobility partly explains countries' consistency on the trade and environment interplay. Some countries, like Switzerland, tend to consistently express the same preference on a given policy question irrespective of the forum where they stand. Other countries express different positions on the same policy question depending on whether they are in an environmental or in a trade-related forum. Research has found that a country's degree of consistency is strongly correlated with its stakeholders' mobility across scales of governance (Morin and Orsini 2014).

To be sure, complex governance structures are not silver bullets. They can generate redundancy and inefficiencies. They also empowers the already powerful actors in their forum shopping strategy. However, and perhaps counterintuitively, they are more appropriate than centralized systems to deal with policy coherence and issue linkages.

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Claire PEACOCK¹⁴
*Harmonization of Trade Agreement Linkages
at the G7 Charlevoix Summit 2018*

Free trade is a pillar of our globalized world and provides benefits that range from economic growth and job creation, to increased product choices for consumers. However, unfettered free trade may exacerbate a race to the bottom in terms of environmental, labour, and human rights standards. International trade agreements have therefore become a hub that brings together and links diverse issues and areas of international cooperation under a unifying framework.

G7 member state and EU trade agreements often incorporate provisions concerning environmental protection, labour standards, and human rights more broadly, amongst other issues. These visible links, which several G7 states and the EU have developed and strengthened over time, outwardly take an important step towards making free trade, a fairer and more sustainable activity.

At the 2017 Taormina Summit, under the heading of “Trade,” the G7 leaders expressed their commitment “to striving for better application and promotion of internationally recognized social, labor, safety, tax cooperation and environmental standards throughout the global economy and its supply chains.” Yet, the current predominant approach taken by G7 nations is the non-orchestrated linkage of these international standards in trade agreements, which leads to situations of overlapping (and potentially conflicting) rules. In addition, in many cases, the linked standards are not consistently enforced and in some cases not even legally enforceable.

G7 leaders should promote fairer and more sustainable free trade agreements. However, to prevent fragmentation, they should harmonize their approaches. And this harmonization should occur in an upward direction, with G7 leaders committing to include strong and enforceable standards that are consistent with international standards set by multilateral institutions. Harmonization will reduce negotiating costs, administrative burdens, and make these linked provisions and their implications clear.

Finally, international trade agreements, while at the forefront of linkage politics, are not necessarily the only venue where linkages may be fruitful. The G7 leaders should explore creating a consistent approach to linkage across their international treaty commitments.

G7 leaders should consider making the following commitments at their meeting in Charlevoix:

1. Creating a unified G7 approach that includes clear guidelines on how member states should incorporate environmental, labour and human rights provisions into their trade agreements. This would result in trade agreements that are fairer and ultimately more sustainable. Moreover, this approach could be extended to explicitly include gender equality provisions.
2. Drafting a model fair trade agreement that details the agreed upon environmental, labour, and gender equality provisions. Not only would this be a definitive statement of G7 member state values but it would also serve as template for all trade negotiators.
3. Creating an over-arching linkage approach appropriate to other bilateral treaties. Not only would this reduce the bureaucratic burden of treaty design, it would ensure the G7 states have consistent approach to dealing with environmental, labour, and gender equality issues.

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Miriam PRYS-HANSEN¹⁵

*Integrated Climate Change Policies: Transport, Health, Gender
and Opportunities*

By their very nature, climate change policies are cutting across all sectors of life, and especially those identified by the Canadian government as focal points for the G7 meeting. According to the recently published Forth National Climate Assessment by the U.S. Global Change Research Programme, global surface air temperatures have increased about 1°C over the last 115 years; yet the past decade has been the warmest in the history of modern civilization. Societies have suffered record-breaking climate-related extreme events, such as heat waves, forest fires, but also more durable effects such as chronic hydrological droughts and a rise of global average sea levels by about 7-8 inches since 1900, “with almost half of that rise occurring since 1993”. These trends are expected to continue. Taking action with regard to mitigation and adaptation is hence unavoidable. While the G7 foreign ministers and their representatives have been active in identifying pathways to manage the climate-security nexus in their discussions at the G7 Working Group on Climate and Fragility, the G7 leaders should consider committing more actively to policies that create positive synergies in policies that integrate environmental and a broad array of economic and social policies. One example is the transport sector with its multiple intersections with other fields.

Shipping currently accounts for 2 per cent of global carbon dioxide emissions and predictions in a business-as-usual scenario see this share rise to 20 per cent by 2050. Maritime transport is also a significant and increasing source of air pollutants that impact on human health, in particular on those most vulnerable.¹⁶ In April 2018, the United Nations Maritime Organization (IMO) has finally adopted an initial strategy to reduce the greenhouse gas emissions from ships, despite continuing concerns of some nations. The following discussions both within the industry but also the public have shown how policy signals by regulators could be translated into, first, critical shifts away from the most damaging technologies toward cleaner alternatives. Indeed, the International Transport Forum (of which all G7 members are part) has shown that existing technologies could make it possible to almost completely de-carbonize the shipping sector. This would create new business opportunities, green growth and green jobs at the same time. To close the gap between what is technologically already possible and business as usual G7 leaders and other policy-makers can play a role in bridging these gaps.

Also improved forms of passenger transportation around urban centers and their surroundings contribute a significant share to the emission of greenhouse gases and other air pollutants. A recent report by the World Resources Institute has shown that improved public transport, in particular low-cost bus transportation within and across municipalities help not only reduce carbon emissions and other air pollutants but also increase public health, improve mobility, particularly of women, and thereby increase their educational and economic opportunities and participation. Best practices exist around the world.

We therefore suggest G7 leaders to take the following aspects under consideration:

1. We commit to Initial IMO Strategy on reduction of greenhouse gas emissions from ships and the long-term plan to be adopted in 2023 and will continue the deliberation of binding, specific regulations for the shipping industry to reduce its greenhouse gas emissions.

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¹⁶ According to a study by the University of Delaware, roughly 14 million annual cases of childhood asthma are estimated to be related to global ship pollution using current fuels (www.udel.edu/udaily/2018/february/shipping-fuel-health)

2. We support the realization of emissions reduction targets in the shipping sector with a comprehensive set of policy measures in the development of technology, low-carbon operations and alternative energy, such as more stringent energy efficiency targets, a low-carbon fuel standard and vessel speed limits.
3. We encourage our ministers of research, transport and infrastructure to support research into zero-carbon shipping technologies, their development and commercial application.
4. We ask our infrastructure ministers as well as maritime agencies to consider how to implement the measures suggested by the International Transport Forum to further de-carbonize the maritime shipping sector, such as developing support for green shipping via national development banks and public procurement, the temporary exemption of electricity taxes for electric ships and the encouragement of national ports to differentiate fees based on environmental criteria. This also includes a discussion about the phasing-in of carbon pricing for shipping.
5. We ask our transport and infrastructure ministers to work on sharing best practices and to find ways to support the building of passenger transport corridors with efficient routes, high frequency and low fares in our municipalities.
6. We enable local and non-state civil and corporate actors to co-operate with national agencies in the design and development of suitable corridors and programs.

Tackling Inequality to Promote a More Inclusive, Peaceful and Prosper Society

Inequality: a complex problem

There is a large consensus on the fact that both wealth and income distribution have become more polarized. Growing inequality is a multifaceted issue, affecting and being affected by almost all the areas regarded as priorities by the Canadian presidency of the G7.

In the advanced economies gathered in the Group of Seven, inequality has hit mostly the middle class. Different factors have contributed to this outcome, among them globalization and technological progress. Both of them have contributed to make many middle-skilled jobs, like clerks and manufacturing, redundant. This has eroded the wealth of many households through higher unemployment and lower salaries. This is not only a moral problem, but it has important economic and policy implications. Economically, it has been hampering growth since middle-class families are the backbone of the aggregate demand in advanced economies. Politically, the depicted dynamics have caused turbulence and fuelled the rise of populist and extremist movements.

Both globalization and technological progress are not phenomena to be fought or reversed, having increased global productivity and wealth. The problem is of a redistributive nature, calling for a better governance of these phenomena rather than their refusal. In this sense G7 countries are called to lead by example, finding effective strategies that can be brought afterwards to the ampler forum of the G20.

Continue on the Bari policy agenda

Inequality was chosen to be at the centre of the G7 Finance Ministers and Central Bank Governors' meeting in Bari last year, under the Italian presidency. In that occasion, despite some controversial views, participants succeeded in reaching consensus on some concrete steps to be taken in order to promote inclusiveness. My advice is to give continuity to this effort, bolstering the effectiveness of the G7 as well.

First and foremost, G7 leaders should keep their commitment to tackle base erosion and profit shifting. Broadening the tax base and make the big winners of both technological progress and globalization pay what they should is key in better redistributing wealth. It would allow to gain fiscal space needed to reduce tax wedges on labour, enhancing participation in the labour market and supporting the incomes of working families. Furthermore, it would give some buffer to support active labour policies, in the form of tax incentives for skills development and lifelong learning programmes. This would help to prepare redundant labour force for the passage from jobs of the past to jobs of the future.

Second, G7 leaders should take a strong, shared and above all concrete commitment to advance gender equality. To this end, a simple movement like ensuring accessible and affordable childcare would constitute an important first step.

Third, an effort is required to make high quality education largely accessible. If it is not the case, inequality will keep on growing and social mobility will be seriously hampered, jeopardizing social cohesion, political stability and productivity growth.

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Complexity And Responsibility For Inclusiveness – An Agenda For Education

Our contemporary societies face unprecedented challenges and uncertainties, most of which have a transnational scope and reach. Ecological crises, resource scarcities, technological disruptions, geopolitical tensions, political transformation and social fractures and dislocation combine into intractable “wicked problems” – problems that are multifactorial and exceptionally complex. The period is one of great uncertainty and the radicality of possible risks comes together with potential (but unpredictable) opportunities.

The period calls indeed for a deep rethinking of our transnational governance mechanisms and in particular for a tighter articulation of private, public and not-for-profit initiatives with the realization that even if the private and not-for-profit sectors are today taking seriously common good challenges there is a unique role that states and state-delegated international and transnational institutions need to play. One of these unique roles is the education, the ‘*Bildung*’ of the citizens of this complex society. The term ‘*Bildung*’ is used here in reference to Wilhelm von Humboldt, German Minister of Education in the 19th century, and his structuring vision of the modern University. Humboldt’s education model went well beyond vocational and professional training to recognize the need for:

a certain cultivation of the mind and character that nobody can be without. People obviously cannot be good craftworkers, merchants, soldiers or businessmen unless, regardless of their occupation, they are good, upstanding and – according to their condition – well-informed human beings and citizens. If this basis is laid through schooling, vocational skills are easily acquired later on, and a person is always free to move from one occupation to another, as so often happens in life.¹⁹

The urgencies of our time call for a revival of this vision – we need a Humboldtian *Bildung* project for the 21st century – one that targets the development and cultural construction of citizens who are able to embrace complexity, who are able to think critically and for themselves and who project their responsibility unto common good challenges. This reinvented *Bildung* project needs to be deployed at all levels of the education chain – naturally with consideration for age and levels of maturity. This is easier said than done as it goes against three contemporary trends –

- The increasing privatization of education, again at all levels of the educational chain, has a tendency to go together with a narrower focus for the education system – on direct employability and “preparing workers to meet the evolving demand for skilled labor”²⁰
- The increasing scientific division of labor, which translates at all levels in our education system and is, we need to acknowledge, very counter-productive when it comes to approaching complexity and multi-dimensional ‘wicked’, big issues.
- The fascinating power of “hard methodologies”, hard sciences or technologies, with the tendency in return to minimize, in the education context, the role and significance of those perspectives that

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¹⁹ As quoted in Profiles of educators: Wilhelm von Humboldt (1767–1835) by Karl-Heinz Günther (1988), doi :[10.1007/BF02192965](https://doi.org/10.1007/BF02192965)

²⁰ Greenspan, A. (2000). “Remarks by Chairman Alan Greenspan, Structural Change in the New Economy”. Before the National Governors’ Association, 92nd Annual Meeting, State College, Pennsylvania, July 11.

<http://www.federalreserve.gov/boarddocs/speeches/2000/20000711.htm>

are the more useful for the 'Bildung' of complexity-savvy and responsible citizens (social sciences, history, philosophy, languages, humanities and arts in general).

The G7 Leaders should show the way in pushing for a New Deal for Education – **the Bildung Project for the 21st Century and the Development of Complexity-Savvy and Responsible Citizens**. States and state-delegated institutions have a championing role to do here as private actors will tend to spontaneously prefer a more utilitarian, short-termist model of education.

- This project needs to be deployed at all levels of the educational chain
- It implies that we impart the new generations not simply with technical skills but also with the capacity to learn how to learn (but also to unlearn) and hence better arm them for the necessary adaptability that the labor markets of tomorrow will require
- It implies that we impart the new generation not only with scientific knowledge but also with the critical thinking capacities that social sciences and humanities carry. We will better arm them in the process to be the masters – and not the servants – of new technologies, to be able to assess the ethical challenges associated with their own practices and to deploy their own sense of responsibility with respect to the target of a more inclusive and just economy and society.
- It implies that we inscribe at the core of all educational projects contemporary common good challenges. This means probably a deep re-evaluation of the theories that frame our contemporary pedagogies, particularly with respect to higher education. Inclusive and environmentally-conscious growth and not maximization of individual (shareholder) value should frame our models, theories, key performance indicators, accounting and valuation standards of all kinds.

The challenge is huge – as complex and « wicked » as the problems it is supposed to address. The G7 members should lead the way of what is in reality the reinvention for the 21st century of an enlightenment definition of education. In the late 1990s, the Association of African Universities coined the concept of « developmental Universities » :

A general formulation of the mission of a university in Africa today would certainly contain the prime responsibility to provide men and women adequately trained to contribute to the development of the nation and of the community surrounding it. It would state that the university should also contribute to the advancement of the knowledge about the resources of the country, to protecting the environment and to bringing about long-term and sustainable human-centered development policies... It should contribute to the respect for human rights and promote social justice, equity and democratic values, as well as the rights of women, children, minorities and disadvantaged groups. It should contribute for peace, stability and harmony in the community, country, region and world-wide.²¹

It is more urgent than ever that we walk that talk – and the G7 is the legitimate body to embrace the project of **inscribing complexity and responsibility for inclusiveness at the heart of our education system**.

²¹ Mattos, N. (1999). "North-South Cooperation to Strengthen Universities in Africa". Associations of African Universities Document, Accra-North, Ghana. <http://www2.aau.org/rc/publications.htm?lang=fr>

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Data Security and G2G Data Sharing

Information is the basis for G7 member governmental decision-making related to trade, labor, the environment, and security. Reliable data provides a means to measure policy impact and improve policy fit with societal needs. Sharing data among governments (G2G) can facilitate greater policy consensus and coordination. Innovations in Big Data analytics have enabled rapid advances in the accuracy and utility of natural language processing (NLP), data visualization, prediction, optimization, artificial intelligence, regression analysis, Cox hazard modeling, and more. These methods are already transforming healthcare, transportation, retail, telecommunication, consulting, manufacturing, energy and financial services across the G7.

Yet the 2016 U.S. election campaign revealed the vulnerability of media and public data to purposeful interference by hostile agents. G2G data sharing extends the vulnerability of governmental decision-making related to both macro- and micro- level decisions to false data (aka “Fake News”).

Researchers have developed robust ethical procedures for the protection of personal data, and governments are adopting privacy protections for citizens. What is increasingly evident is that for data resilience and hygiene, self-healing mechanisms that involve citizens and governments (C2G) as well as business and government (B2G) in the monitoring and correction of data corruption and errors regardless of the source of the error. This is on the agenda of each of the G7 governments domestically already, but it should also be on the agenda for the G7 as a group. G2G data sharing protocols developed by the G7 could establish new and needed global standards for the protection of citizen privacy, swift correction of data errors, and secure sharing of data by governments.

- SECURITY: Secure G2G data sharing among G7 governments is occurring now in areas that provide best-practice models. Examples include intelligence sharing, NATO threat assessment and planning, and the international financial system. Yet there is untapped potential for greater G2G data sharing if protocols can be developed to allow such sharing to occur consistent with high-standards of citizen protection and privacy assurance:
- TRADE: Electronic manifests provide detailed information on shipments that include Harmonized System tariff classification for goods, value, and origin and delivery addresses. Service trade data is reflected in tax records and private contracts. Mining these data sources would reveal a more granular pattern of international transactions with the potential to transform public debates about international trade. Communities far from borders and ports might discover trade linkages through such analysis, with implications for education in languages and related job skills, assessing infrastructure needs, and more.
- LABOR: Using workforce data and standardizing the definition and certification of skills beyond academic degrees could help governments to train citizens to meet the needs of employers today and in the future, and help students better choose among educational opportunities. Combined with geographic information systems might help map areas where skilled labor needs emerge and encourage short and long term migration including international migration as appropriate. Private databases such as LinkedIn already track wage, salary, and benefit information volunteered by employees; leveraging public information could enable governments to address imbalances and

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inequities, such as discounted compensation based on gender or other ascriptive individual characteristics.

- ENVIRONMENT: At the global level, the scientific community is already fostering data sharing to foster a more comprehensive understanding of the climate and regional ecosystems across national borders. However, the proliferation of entrepreneurial policy experiments in the areas of energy production, energy efficiency, carbon accounting, and environmental remediation provide new opportunities for governments to learn from other governments. While academic and private sector researchers engage in crossborder investigations and collaborations, similar collaborations among regulators and policymakers could benefit from secure G2G data sharing.

In each of these priority areas, the critical need is for standards and methods that define a G7 best practice that can guide public and private sector data collection and sharing under conditions of transparency and accountability consistent with democracy. Also needed are standards and methods to support the security and integrity of data, empowering citizens to correct errors and recover from data breaches such as identity theft, fraud, and unauthorized release of personal information.

Canada and the United States have experience with advanced data sharing apart from national security matters. The Security and Prosperity Partnership and the US-Canada Regulatory Cooperation Council have produced experiments such as data-pooling for the review of new pharmaceutical drugs (including critical trial data) and coordinated cargo inspections that have reduced redundancies. Such efforts are the early evidence of the potential for leveraging data sharing to achieve public sector productivity improvements that result in better governance with reduced compliance costs for both the governments and private entities. With public budgets stretched, such efficiency gains will provide greater international financial stability and room for economic growth as well.

Miranda SCHREURS²³
Climate Change, Jobs, and Migration

Today's G7 leaders are confronted with a variety of major inter-connected policy problems, including climate change, large-scale human migration, and poverty. These are problems which affect both developing and developed countries, albeit in different ways and to different extremes. Left unaddressed, these problems will intensify and give rise to new governance challenges. The longer the international community waits in its development and implementation of solutions, the harder and more costly addressing these issues will become.

Crises can, however, become opportunities for change and renewal. The G7 could do much by supporting entrepreneurial initiatives focused on positive transitions. For young people in today's society, climate change is not only a threat, it is also a challenge and challenges can stimulate creativity. Many of today's new business models, social structures, and technologies are the inventions of young minds. Today's young people grew up learning about climate change, resource scarcity, and pollution. They are eager to develop ideas to help make a transition to cleaner energy systems and more environmentally friendly urban structures. Already we see interesting developments. The sharing economy has taken off among young people in many countries, as seen with Air B&B, car sharing, food sharing, and the online selling and trading of products (E-bay).

Globally, we are in the midst of dramatic changes which are occurring on the technological front. Digitalization, artificial intelligence, and robotization are transforming industries and business models. As digital communication technologies develop making it increasingly possible for products to communicate with each other in increasingly sophisticated ways, there will be many new possibilities for enhancing energy and resource efficiency in production systems as well as in product use.

Technological changes will also dramatically alter how goods are sold, stocked and transported. Change is already under way (e.g. online marketing) and will intensify. Here too many efficiencies can be achieved and waste in the system reduced.

The move towards greater use of renewable energies has been pushed by communities around the globe. Renewable energy technologies and know-how are developing extremely rapidly and as a result are becoming increasingly cost competitive. In the meantime, large energy companies have come to appreciate the importance of investing in solar, wind (onshore and offshore), geothermal, and electricity storage systems. This is only the beginning of transitions that will be seen in this area as in the future as renewable energy systems become linked with "smart technologies" and electric automobiles.

There are also so many exciting developments occurring in urban design and architecture, ranging from the greening of cities and buildings and cities, to the development of smart buildings, and passive homes.

The concept of co-benefits is quite simple. It simply means that problem solving in relation to one area can also have positive benefits in other areas. Thus, for example, energy efficiency improvements reduce the demand for fossil fuels, while at the same time saving consumers money. Japan is an interesting example. After the Fukushima nuclear accident, electricity demand was reduced by about 10 percent as a result of energy savings measures taken by households and corporations to deal with the immediate energy crisis the country faced.

By focusing more strongly on the co-benefits which can be achieved by taking actions which enhance energy and resource efficiency, important steps towards addressing climate change can be realized. There are also many new possible jobs which can be achieved in this way.

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Of course, this does not mean that other big challenges—such as the question of how to phase out dependence on coal—should be ignored. Rather, in thinking about how to reduce dependence on fossil fuels, more attention should go to thinking about where opportunities for alternative jobs and structures may be.

The G7 leaders could do much to stimulate change by investing more strongly in inter-disciplinary educational initiatives addressing climate change from social, political, and technological perspectives.

All of the G7 countries have established plans focused on the next technological era (e.g. Industry 4.0, Society 5.0). These plans can and should be more closely integrated with problems like climate change as the potential co-benefits in the forms of energy efficiency, resource efficiency, less pollution, and more environmentally friendly jobs are potentially large.

Aaron SHULL²⁴

Trade and Environment – Women and Trade

The aim of this informal paper is to stimulate discussion at the T7 seminar. Any opinions expressed in this paper do not necessarily reflect the views of CIGI or its Board of Directors.

This paper is not intended for circulation beyond T7 seminar participants.

Discussion Question: Canada has identified five priorities for this year's G7 Summit: trade, labour, the environment, security, and gender equality. How could G7 members guide the international community and organizations to adopt more synergic approaches in these areas?

1) Trade and the Environment

Trade and the environment are often seen as separate realms by governments and analysts, but it is increasingly important that we recognize the importance of policy interaction in these areas. By sustaining relatively open, undistorted trade, our postwar trade agreements and institutions have underpinned an unprecedented period of economic growth. But it is becoming apparent that these frameworks are not necessarily well-suited to accommodate the sometimes trade-distorting or trade-restricting policies that may be needed to address climate change. Nevertheless, trade and environmental policy regimes will ultimately have to work in a complementary and mutually-reinforcing way: after all, for the 175 parties that have ratified the Paris Agreement, taking climate action is now an obligation, not merely an option.

The G7 leaders should consider whether their group could serve as a useful caucus to advocate for reforms that will make the international trade system more supportive of action on climate change. With seven of the world's leading economies, the G7 could play an influential role in making trade institutions such as the WTO progressively more accommodating of national and intergovernmental emissions-reduction measures.

At Charlevoix, the G7 members might consider making commitments to:

- working together and using their influence as WTO members to ensure that international climate objectives are a primary consideration in framing new and existing international trade agreements (i.e. fostering a system of border carbon tax adjustments);
- exploring options for making trade among G7 countries more permissive of national climate policy experimentation, for instance by agreeing to refrain from trade litigation against one another in respect of certain climate-related policy measures that may have incidental trade-distorting effects;
- making environmental and climate chapters/provisions a part of their future trading arrangements; and
- fostering greater interchange between experts, policymakers, and officials from the climate and trade policy spheres.

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Fossil Fuel Subsidies

A recent analysis has pegged world-wide annual subsidies for the production and consumption of fossil fuels at around USD 425 billion.²⁵ Fossil fuel subsidies in OECD and other key emerging economies was estimated to amount to upwards of USD 200 billion annually in 2015.²⁶ Some have suggested that the global cost of fossil fuel subsidies can be valued in the trillions of dollars when untaxed externalized costs are accounted for.²⁷

It is widely recognized that reducing these fossil fuel subsidies is one of the most potent measures that governments could take to reduce carbon emissions. Reducing fossil fuel subsidies could also help the G7 achieve their declared trade objectives. At Taormina, the G7 endorsed a “push for the removal of all trade-distorting practices – including dumping, discriminatory non-tariff barriers ... subsidies and other support by governments and related institutions that distort markets – so as to foster a truly level playing field.”²⁸ Charlevoix 2018 presents the G7 with an opportunity to reinforce the case for the reduction of fossil fuel subsidies by citing it as a way to achieve two of the group’s avowed goals: lowering carbon emissions and reducing trade distortion.

The elimination or reduction of fossil fuel subsidies has featured in past G7/G8 leaders’ declarations and communiqués (2015, 2014, 2012, 2009). In 2016, the G7 leaders said that they “remained committed to the elimination of inefficient fossil fuel subsidies and encourage all countries to do so by 2025.”²⁹ This commitment was made within the context of broader acknowledgements and promises related to tackling climate change. G7 energy ministers reiterated the commitment during their 2017 ministerial, though it was watered down by committing to target only subsidies that “encourage wasteful consumption”.³⁰ A reaffirmation of the commitment was conspicuously absent from the final leaders’ communiqué at the Taormina Summit later that year.³¹ Some observers might rightly wonder if the G7 is wavering in its resolve on this issue.

Given the potential trade and environmental benefits of disciplining fossil fuel subsidies, G7 members might consider:

- reaffirming their commitment to eliminate fossil fuel subsidies in stronger, less qualified language;
- acknowledging that disciplining fossil fuel subsidies will help fulfil the G7’s standing commitments to both combatting climate change and fostering less distorted trade; and
- exploring how they might allay competitiveness concerns by coordinating with one another in making such reductions.

²⁵ See Richard Bridle et al, *Making the Switch: from fossil fuel subsidies to sustainable energy* (Copenhagen: Nordic Council of Ministers, 2017), online: <<http://www.iisd.org/library/making-switch-fossil-fuel-subsidies-sustainable-energy>>.

²⁶ OECD, “Support for fossil fuels remains high and the time is ripe for change”, OECD Press Release (21 August 2015), online: <<http://www.oecd.org/environment/support-to-fossil-fuels-remains-high-and-the-time-is-ripe-for-change.htm>>.

²⁷ David Coady et al, *How Large Are Global Energy Subsidies?*, IMF Working Paper No 15/105 (IMF, 2015), online: <<https://www.imf.org/en/Publications/WP/Issues/2016/12/31/How-Large-Are-Global-Energy-Subsidies-42940>>.

²⁸ *Ibid.*

²⁹ *G7 Ise-Shima Leaders’ Declaration* (May 2016), G7 Information Centre, online: <<http://www.g8.utoronto.ca/summit/2016shima/ise-shima-declaration-en.html>>.

³⁰ *G7 Rome Energy Ministerial Meeting: Chair’s Summary* (April 2017), G7 Information Centre, online: <www.g8.utoronto.ca/energy/170410-summary.html> (“The Heads of Delegation reiterated the commitment of phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, and encouraged all countries to do so, by 2025.”).

³¹ *G7 Taormina Leaders’ Communiqué* (May 2017), Italian G7 Presidency website, online: <http://www.g7italy.it/sites/default/files/documents/G7%20Taormina%20Leaders'%20Communique_27052017.pdf>.

2) Women and Trade

At last year's Taormina Summit, the G7 leaders affirmed their commitment to free and fair trade, but also acknowledged that "trade has not always worked to the benefit of everyone." They therefore committed to "adopting appropriate policies so that all firms and citizens can make the most of opportunities offered by the global economy."³² The leaders also considered the issue of women's economic empowerment and ultimately adopted the *G7 Roadmap for a Gender-Responsive Economic Environment*. This was a laudable initiative in many respects, though the document featured no specific references to women and trade.³³

Women, as it turns out, make up many of the people who have not yet fully benefitted from trade. Trade remains a key aspect of women's economic empowerment, yet women and female-owned enterprises continue to face barriers to engaging in trade and accessing global markets.³⁴ In December 2017, 121 WTO Member States and observers recognized this fact when they signed the *Declaration on Trade and Women's Economic Empowerment*.³⁵ The signatories committed to share information, gather data, and develop best practices to encourage female entrepreneurship and remove barriers for women's participation in trade and the international economy. Engaging more women and their businesses in international trade is increasingly seen as a prime way to stimulate economic growth across the globe.

Charlevoix presents the G7 with an opportunity to reinforce these international initiatives and to help fulfil its existing economic, trade, and gender equality commitments by acknowledging the need for women and female-owned businesses to become more engaged not just in their respective national economies, but in the global economy.

The G7 members might consider committing to:

- recognize the enormous economic potential of having women and female-owned enterprises participate more fully in international trade;
- support and enhance the collection of gender-disaggregated trade data both at the national and international levels to better understand trade from a gendered perspective and to identify barriers to female engagement in trade;
- support measures to achieve greater female representation in international trade institutions and negotiations;
- ensure that women and trade features in any G7 response to the recommendations of the G7 Working Group on Gender Equality and Women's Empowerment; and
- explore the inclusion of gender chapters/provisions in their future and existing trade agreements.

³² *Ibid.*

³³ *G7 Roadman for a Gender-Responsive Economic Environment* (May 2017), Italian G7 Presidency website, online: <<http://www.g7italy.it/sites/default/files/documents/Gender%20Roadmap.pdf>>.

³⁴ For background, see various authors in *Reshaping Trade through Women's Economic Empowerment*, CIGI Essay Series (Waterloo: CIGI, 2018), online: <<https://www.cigionline.org/reshaping-trade-through-womens-economic-empowerment>>.

³⁵ *Joint Declaration on Trade and Women's Economic Empowerment on the Occasion of the WTO Ministerial Conference in Buenos Aires* (December 2017) WTO, online: <https://www.wto.org/english/thewto_e/minist_e/mc11_e/genderdeclarationmc11_e.pdf>.

Arthur SILVE³⁶

Lessons from the Diffusion of Civil Wars for Foreign Intervention

(Le français suit)

Takeaway: the international community underestimates the risk of regional contagion of civil wars, and therefore also the cost of not intervening. There are nonetheless a number of tools to limit the threat of contagion.

The international community is not as well equipped to deal with civil wars as with interstate conflict

The shrinking number of interstate conflicts attests to the efficiency of the international community (G7, NATO, UN, CFSP) in preventing or containing the threat of interstate conflict. This efficiency does not extend to civil wars, whose number has grown rapidly since the end of the 2000s (<http://www.systemicpeace.org>).

The frequent comeback of the debate on foreign intervention in the domestic affairs of a state reveals the contradiction between the principle of state sovereignty, pillar of the UN system, and the evolutions of norms related to human rights in Western democracies. Human rights are not the only motivation behind the various forms of foreign intervention: peacekeeping missions, support of one or several parties to a conflict, institutional support, targeted sanctions or assistance etc. The decision to intervene also depends on the material interests of the intervening country (and on the cost of the operation).

Domestic and International costs of not intervening are underestimated

A number of recent episodes have emphasized the moral and material cost of not intervening in a civil war. It would be premature to propose an assessment of the responsibility of US disengagement under the Obama administration in the Syrian chaos. In themselves, human costs of the Syrian civil war (470,000 deaths, 1.9m wounded according to the Syrian Center for Policy Research, 13.5m displaced and domestic refugees and 3.5m refugees abroad according to the European Union) are tragic. Nonetheless, it would be a mistake to not mention the impact of a civil war on neighboring countries. Turkey is hosting 3.1m Syrian refugees; Lebanon, with a domestic population of 5.3m, is hosting 1m of them, and 463,000 Palestinians, according to the CIA. Will these countries resist these refugee inflows, without being toppled over into their own civil war?

Two recent empirical studies measure that a civil war increases for a neighboring countries the odds ratio of knowing its own civil war by around 50%. A theoretical argument (see the two articles mentioned at the end) suggests that this number might underestimate the actual figure. These two papers rely on the assumption that the Arab spring, e.g., was triggered by the start of the Tunisian revolution in December 2010. Two neighboring countries, Morocco and Algeria, had already known demonstrations and trouble for several months at the time. In taking Tunisia as the starting point of the Arab spring, we are taking the risk of forgetting the regional destabilization effect of such neighborly troubles, before the self-immolation of Mohamed Bouazizi on December 17th. As a result, we underestimate the contagion effects. We may also want to evoke a regional conflict complex instead of simple contagion: regional conflicts feed into each other, and their origin is not anymore the most essential issue.

The tools of the international community to reduce the threat of conflict regionalization

Domestic conflicts spill over regionally through a number of ways: transborder ethnic conflicts, population and refugee displacement, regional diffusion of light weapons and other war inputs, mercenaries, warlords, terrorist organizations, weapons traffickers, brokers, intermediaries etc. Each channel is the source of specific issues, rather well identified in the academic literature. To sum up, economic analysis emphasizes

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the following tools to reduce regional conflict complexes, depending on the more specific aims of the country wishing to intervene:

1. Military intervention to force a rapid outcome to a conflict. Intervention from G7 members is often decisive, even when the final victory, in the case of guerilla warfare, is elusive. Even though hard to quantify, the simple threat of foreign intervention is surely a powerful deterrent for a number of conflict.
2. Military support to increase the opportunity cost of a rebellion.
3. Institutional support at the local and national levels, to favor a fairer sharing of the resources and opportunities, and reduce the stakes of the contest for power.
4. Raising of audience costs for the government, by increasing its accountability to its own population and to the international community. Strengthening the civil society, favoring press freedom, establishing credible checks and balances on the one hand, regional and multilateral agreements and programs on the other, are all incentives for the government to better respond to social grievances.
5. International coordination of refugee policies, to reduce the pressure on the first host countries, and the risk that they fall into their own civil war.
6. Development support in risky areas, such as the alternative development policy of USAID in Colombia.

The main ideas proposed in this note and the relevant sources are available in:

Silve, A. and T. Verdier (2018). "A theory of regional conflict complexes", Journal of Development Economics, 133:434-47.

Silve, A. and T. Verdier (2017). "Refugee flows and the regional clustering of civil wars", mimeo.

Les leçons de la diffusion régionale des guerres civiles pour l'intervention de la communauté internationale

Idée principale : la communauté internationale sous-estime le risque de contagion régionale des guerres civiles et, partant, le coût de la non-intervention. Il existe cependant d'assez nombreux outils permettant de réduire ce risque de contagion.

La communauté internationale est moins bien équipée pour éviter ou contenir les guerres civiles que les guerres internationales

La réduction du nombre de conflits interétatiques témoigne de la bonne capacité de la communauté internationale (G7, OTAN, ONU, PESC) à prévenir ou à contenir le risque de conflits interétatiques. Ce n'est toutefois pas le cas des guerres civiles, dont le nombre augmente rapidement depuis la fin des années 2000 (<http://www.systemicpeace.org>).

Le retour récurrent du débat sur le droit d'ingérence dans les affaires internes d'un État témoigne de la difficulté à réconcilier le principe de souveraineté, pilier du système des Nations Unies, avec l'évolution des normes en matière de droits humains dans les démocraties occidentales. De fait, les différentes formes d'intervention extérieure – opération de maintien de la paix, soutien à l'une des parties au conflit, soutien aux mécanismes institutionnels, sanctions ou assistance ciblées – ne visent pas seulement la défense des droits humains. Les intérêts des pays intervenants (et le coût de l'intervention) jouent aussi un rôle dans la décision.

Les coûts domestiques, régionaux, et internationaux de la non-intervention sont sous-estimés

Quelques épisodes récents ont révélé qu'il y avait aussi un coût, moral autant que matériel, à la non-intervention. Il est encore difficile d'évaluer la part de responsabilité du désengagement américain sous les administrations Obama dans le chaos syrien. En soi, le coût humain de la guerre civile syrienne (470 000 morts, 1,9m de blessés selon le Syrian Center for Policy Research, 13m de réfugiés domestiques et 3,5m à l'étranger selon l'Union Européenne) est déjà dramatique. Toutefois, ce serait une erreur de négliger l'effet d'une guerre civile sur les pays voisins. La Turquie accueille 3,1m de réfugiés syriens ; le Liban, avec une population de 5,3m, en accueille 1m et 463 000 palestiniens, selon la CIA. Ces pays seront-ils en mesure de résister à ces afflux de réfugiés sans, à leur tour, se faire déséquilibrer et connaître leur part du conflit régional ?

Deux études empiriques récentes mesurent qu'une guerre civile augmente pour un pays voisin le rapport des chances (odds ratio) de connaître lui aussi une guerre civile d'environ 50%. Un argument théorique (voir articles cités) suggère que ce chiffre pourrait sous-estimer l'impact réel. Ces deux études reposent en effet sur l'hypothèse que le Printemps arabe, par exemple, a été déclenché par le départ de la révolution tunisienne en décembre 2010. Deux pays voisins, le Maroc et l'Algérie, connaissaient cependant des troubles depuis plusieurs mois déjà. Prendre la Tunisie comme point de départ du Printemps arabe fait courir le risque de négliger l'effet que ces troubles voisins ont pu avoir en Tunisie avant l'auto-immolation de Mohamed Bouazizi le 17 décembre, et donc de sous-estimer les effets de contagion. Plutôt que de contagion, il serait pertinent d'évoquer le concept de complexe régional de guerres civiles : les conflits régionaux se répondent les uns aux autres, et leur point de leur point de départ n'est plus la question essentielle.

Les différents canaux d'action de la communauté internationale

Plusieurs canaux médient l'impact régional des conflits domestiques : existence de liens ethniques transfrontaliers, déplacements de populations et réfugiés, diffusion régionale d'armes légères et d'autres facteurs de conflit, mercenaires, organisations terroristes, trafiquants d'armes etc. Chaque canal génère des enjeux spécifiques, identifiés par la littérature académique. Au total, l'analyse économique des leviers de réduction des complexes régionaux de guerres civiles met l'accent sur les outils suivants, selon les objectifs plus spécifiques du pays souhaitant intervenir :

1. Intervention militaire pour forcer une issue rapide au conflit. L'intervention armée des membres du G7 dans un conflit est souvent déterminante, même si la victoire finale, face à des guérillas, est parfois difficile à atteindre. Bien que malaisée à quantifier, la simple menace d'une intervention internationale suffit certainement à éviter de nombreux conflits (à condition d'être crédible).
2. Soutien à l'appareil militaire d'un pays pour élever le coût d'opportunité d'une rébellion.
3. Amélioration des institutions locales et nationales, pour favoriser une meilleure répartition des ressources et des opportunités et réduire ainsi l'enjeu du contrôle du pouvoir.
4. Augmentation des « coûts d'audience » pour le gouvernement, en le responsabilisant vis-à-vis de sa population et de la communauté internationale. Renforcer la société civile, favoriser la liberté de la presse, établir des contre-pouvoirs crédibles d'un côté, signature d'accords régionaux et multilatéraux de l'autre, incitent le gouvernement à mieux répondre aux frustrations sociales.
5. Coordination internationale des politiques d'accueil de réfugiés, pour réduire la pression sur les premiers pays d'accueil et le risque qu'ils soient à leur tour contaminés par leur propre guerre civile.
6. Soutien au développement économique dans les zones à risques, comme par exemple la « alternative development policy » de USAID en Colombie.

*Les principales idées développées dans cette note et les sources pertinentes, proviennent de :
Silve, A. et T. Verdier (2018). "A theory of regional conflict complexes", Journal of Development Economics, 133:434-47.
Silve, A. et T. Verdier (2017). "Refugee flows and the regional clustering of civil wars", mimeo.*

Sithembile MBETE³⁷

*Improving the economic and democratic inclusion of African youth
at the G7 Charlevoix Summit 2018*

More than ever before, the world is facing security threats that can only be addressed through multilateral cooperation. Africa, in particular, withstands the worst of transnational security threats such as terrorism, human trafficking, climate change, and arms proliferation. These challenges require complex solutions that address the underlying causes of insecurity. Poor economic opportunities and exclusion from political participation are among the underlying causes of insecurity on the continent. 60% of Africa's population is younger than 25. Any effort to bring peace and development to the continent (thus contributing to global security) must create opportunities for young Africans.

At their meeting in April 2018, the G7 Foreign Ministers confirmed their 'intention to accelerate the global implementation of the youth, peace and security agenda, as set out in UNSCR 2250, including through investing in young people's resilience and promoting their meaningful inclusion in all efforts for maintaining and promoting peace and security'. This was consistent with the reaffirmation of the G7's belief in 'open economies, open societies, and open governments where diversity is respected and inclusion is valued and embraced'. Yet the domestic policies of many G7 nations in issues of migration, access to information, free (and fair) trade and environmental protection serve to exclude people of the global South and perpetuate socio-economic conditions that create insecurity. Moreover, the agreements between G7 nations and African governments to combat terrorism often serve to undermine democracy and reduce open governance.

The Honest Accounts 2017 report found that African countries were collectively net creditors to the world, with \$41.3 billion more leaving the continent than entering it in 2015. While African countries received \$161.6 billion in loans, remittances and aid, \$203 billion was taken from the continent through illicit financial flows by corporations and the costs imposed by climate change³⁸. Even South Africa, which has a relatively sophisticated economy and well-developed tax system, loses billions of dollars in revenue from illicit financial flows. Corrupt relationships between African governments and multinational corporations (the majority of which are from G7 nations) enable this unjust situation.

G7 leaders should consider making the following commitments to address economic development in Africa and thus contribute to security and democratization on the continent:

1. We will support multilateral initiatives to combat illicit financial flows in Africa.
2. We will work with our component governments and other stakeholders to develop domestic policies to regulate the behaviour of multinational corporations from our respective countries.
3. We ask our foreign and security ministers to cooperate with our economic ministers to include entrepreneurship training in the civil society programmes to combat violent extremism in Africa. This is based on the recognition that terrorism and violent conflict often offer the only employment opportunities for young Africans.
4. We commit to supporting initiatives such as the Open Government Partnership (OGP) that contribute to making governments more open, accountable and responsive to citizens.

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³⁸ Specifically:

- Africa received \$19 billion in aid in the form of grants but over \$68 billion was removed in capital flight by multinational corporations dodging tax
- Africans received \$31 billion in personal remittances from overseas, but multinational companies operating on the continent repatriated \$32 billion in profits to their home countries each year
- African governments received \$32.8 billion in loans in 2015 but paid \$18 billion in debt interest and principal payments, with the overall level of debt rising rapidly

An estimated \$29 billion a year was stolen from Africa in illegal logging, fishing and the trade in wildlife/plants

Elisabeth VALLET³⁹
Rethinking World Borders

The redefinition of international relations after the end of the Cold War was meant to open an age of globalization in which States and sovereignty were to become obsolete, and borders irrelevant. In the wake of 9/11 however, borders came back in light and new borders were drawn – as actually they were following the fall of USSR. With this trend, border barriers, fences and walls that were expected to be a historical symbol of a collapsed bipolar system were erected at a pace that defied all predictions: with the erection of 47 border fences around the world in the decade following 9/11 – and among them, 19 following the aftershocks of the Arab spring in Europe and the Middle East plus 7 border walls in the Schengen territory in less than a year, it is clear that walls have become a normed response to insecurity.

It is not, a strictly post 9-11 phenomenon: studies have shown that borders never truly disappeared after the fall of the Berlin Wall and that the rise of border walls after 9-11 has its roots in the pre-9/11 period, for the wall-building phenomenon is fed not by a specific fear of terrorism but rather by a global insecurity bred by globalization. In other words, in a security-conscious and risk-averse world, globalization has led not to the eradication of borders but rather to the redefinition of territory where the wall defines itself as the ultimate and visible rampart to (perceived) security issues: it has become a norm of International relations, and a solution in the quest for security, sublimated through an increasingly security-centric discourse in the wake of 9/11. As a whole borders have become thicker and harder, both externalized and internalized, and mobile.

In that sense, a border wall will be understood in terms of “securitization”, namely a response to a conventional problem (migratory flows) that has come to be construed as a security issue (migratory threat): what used to be a localized risk (border violence) has become national in scope (national security). After 9-11, wall-building legitimating discourses have amalgamated both threats of cross-border migratory movements and terrorist movements, using them as interchangeable notions. And democratic governments have also appropriated this duality.

Populism has “instrumentalized” the border as a rampart for traditional values that populists claim to preserve. However the fortification of borders is more a matter of the ‘theatralization’ of the border, a ‘mise en scène’ aiming at national audiences rather than a rationalized process to secure the territory. First, border walls don’t suffice to stem the flows. Drug trafficking uses legal ports of entry, and border walls or border infrastructures can be overcome by catapults, car ramps, tunnels, ladders, drones, and scissors. Hence for both a matter of political marketing and efficiency, borders tend to be more and more militarized. This trend triggers a redefinition of the bordering process that in turn leads to more violence: border fortification fans the underground economy and feeds shadow flows, which are more difficult to monitor and police. This generates a sense of insecurity on both sides of the border and ultimately leads to the redefinition of the social structure of the border. Hence border fortification tangible impact on local societies, economies, and ecosystems, is much more than a matter of representation.

Fortifying borders or hardening borders doesn’t solve the root problems that lie most of the time at the very origin of migrations. Climate change, insecurity, war, political regimes have led migrants to go long ways to reach a safer or sounder place – via more dangerous routes whether north of the arctic circle or through hostile jungles. Therefore erecting walls and fortifying borders are no more than Hans Brinker trying to patch a dike with his fingers. Circumventing strategies are much faster than what governments can deal with and the greater risk G7 countries face is an internal radicalization due to the failure of populist discourses and electoral promises. While economies are deeply in need of manpower, and while more immigrants are the key to prosperity, states have to regain full authority over the process, which means changing the dominant discourses and defining positive leadership. Hence, there is clearly a need to assess multilaterally the triggers of future mass migrations address those issues before they reach the G7’s shores, as well as the far-right radicalization inside the G7 before it has an impact on economics determinants.

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Yorizumi WATANABE⁴⁰
Trade, Business, Free Trade

1. Trade confrontations endanger the multilateral trading system

A trade war between the world's two largest economies will leave ramifications for all nations and adversely affect international trade already suffering its "slow trade" tendency. Now both the US and China seem to hold positions as major trading partners to retaliate to each other's trade measures. Nowadays the so-called "Trade war" is mostly a sort of spoken war, just like China's plan of retaliatory tariff depending on when and how the US implements its tariffs on Chinese goods.

Christine Lagarde, Managing Director of the IMF, has reportedly said that trade war risks ripping apart global trade rules. Ms. Lagarde gave the world a warning that the rules that underpin global trade were "in danger of being torn apart" by protectionist forces in what she said would be "an inexcusable, collective policy failure".(FT 12 April 2018) As she further explained, tit-for-tat tariffs announced by the US and China have sparked fears of a damaging trade war between the two economic super-powers.

Under the multilateral trading system embodied in the GATT/WTO, better market access and more transparent rules have been made available by constant efforts to reduce tariffs as well as non-tariff distortions, making new rules on trade in services and intellectual properties. We should note that it could be extremely easy to lose what the world trading community has achieved in several decades after the World War II unless we jointly work for maintenance of the existing world trade edifice built in the long process of the GATT and the WTO.

2. The world awaits a call for more predictability and restored business confidence

At the G7 Summit this year, the Leaders should elaborate some positive development of large-scale FTAs since G7 Summit 2017 such as conclusion of the Japan-EU Economic Partnership Agreement (EPA), the Complete and Progressive Trans-Pacific Partnership Agreement (CPTPP) among eleven Asia-Pacific nations, closer economic integration among the Pacific Alliance countries, the Japan-China-ROK Trilateral FTA on which a new momentum has been created by the JCK Trilateral Leaders' Summit recently held in Tokyo.

High-level market access through tariff elimination on "substantially all trade" among member countries as well as new rules on investment, competition policy, government procurement, e-commerce, principles on state-owned enterprise, etc. have been achieved by negotiations of those mega-FTAs.

In the light of these developments, the G7 Leaders should look at these positive movements towards freer trade and encourage further efforts to contain all forms of protectionism in the G7 Member Countries as well as in the rest of the world trading community.

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Jan WOUTERS⁴¹

Reconfirming the Commitment to Multilateralism, in Particular for Trade and Security, at the G7 Charlevoix Summit 2018

Multilateralism has been an indispensable part of the toolkit of international relations in the post World War II international order. The creation of an – admittedly inchoate – system of global multilateral organizations, from the United Nations (UN) and UN specialized agencies to the WTO and the FSB, increasingly matched by a network of regional organizations, has made our world more connected, secure, predictable and prosperous.

The functions that multilateral organizations perform in today's world are numerous: they serve as 'conveners' for discussing the most pressing common problems the international community is facing; they offer channels for communication, platforms for building consensus and tools for the implementation and follow-up of previous agreements; they develop and consolidate rules and standards that make globalization work; they foster a climate of cooperation and compromise rather than confrontation; and, last but not least, they ensure institutional memory and muster expertise, in particular through dedicated civil servants. At a regional level, they provide tools for reconciliation and stabilization, economic integration, and for fostering a common identity, both internally and vis-à-vis the wider world.

But multilateralism is increasingly falling out of grace with the world's mighty ones, especially those leaders who prefer a populist and/or nationalist discourse. The G7 is in a unique position to reconfirm its members' commitment to multilateralism as the preferred *modus operandi* of global governance.

While there is a need for such recommitment in all possible areas of international cooperation, it is submitted that the need is particularly great in the areas of trade and security, and that there is even a close nexus between these two fields.

Like no other organization, the WTO stands for multilateralism in trade. Throughout its 23 years of existence, the WTO has offered a unique platform for multilateral trade negotiations, for mutual learning from each other's trade policies (through the TPRM) and, most importantly, for an orderly, rule-of-law-based settlement of trade disputes. Two of these functions are currently under particular stress. The Doha Development Agenda has reached a comatose stage and no great breakthrough is in sight, with the last Ministerial Conference in Buenos Aires widely seen as a failure; and the dispute settlement system faces an existential challenge now that the US is blocking new appointments of Appellate Body members. While the G7 membership is not broad enough to resolve these deadlocks, especially the first one – the G20, which includes the BRICS, could be a more influential body in this respect –, it will be essential for the G7's credibility that its members recommit themselves to a rules-based multilateral trading system. Negotiating deep and comprehensive trade and investment agreements among themselves may be useful, but cannot represent a substitute for a duly functioning global trading system.

The issue of security governance also raises considerable challenges. The most important institution in this respect, the UN Security Council, over the last couple of years has shown deep flaws. Along with the perennial dilemmas of its reform and the expansion of its permanent membership, it remains unclear whether the Security Council is up to the job of confronting new types of (asymmetric) armed conflicts, robotic warfare, cyber-wars, crime-related terrorist groups, climate-induced mass migration and systemic dysfunctioning of States, with all the spill-over effects this causes. Undoubtedly, there will be a need for strengthening regional and cross-regional security alliances, like NATO, and gaps will need to be filled, especially in the Indo-Pacific region. All of this calls for new and more institutional dynamics and leadership, not less.

Open trade can only prosper in a secure environment; wars have debilitating effects on economic systems and supply chains. On the other hand, the best tools of conflict prevention and development –

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testament to this the European integration process – remain economic prosperity and broad and deep trade relations across national borders, of course coupled with wise social policies at the domestic level.

G7 leaders at their Charlevoix Summit should, therefore, strongly recommit themselves to multilateralism and an international rules-based order, in particular in the areas of trade and security, while working to make sure that the benefits of globalization are shared by all.

Jiejin ZHU⁴²

*Investing in Growth through High-quality Infrastructure:
A Chinese viewpoint*

High-quality infrastructure investment can promote economic growth, trade and jobs, as well as to contribute to the global efforts for the United Nations' Sustainable Development Goals (SDGs) and the objectives of the 2015 Paris Agreement on climate change. Quality Infrastructure helps improve access to basic services, especially for poor people, links producers to markets and connects countries to the opportunities in the global economy. More effective border crossings and increased trade need investment in quality infrastructure, including transport, energy and telecommunications. Well-functioning quality infrastructure is essential to overcome bottlenecks to growth in emerging and developing economies, and as an enabler of private sector led growth. No country has developed without access to well-functioning quality infrastructure.

The G7 has a special responsibility to lead international efforts to address the quality infrastructure investment challenges. In 2013 Northern Ireland summit, The G8 committed to provide increased support for project preparation facilities for African regional infrastructure programmes and to urge multilateral development institutions to establish more effective mechanisms for collaboration on funding and risk mitigation of the infrastructure projects. In 2016 Ise-Shima summit, The G7 proposed the *Ise-Shima Principles for Promoting Quality Infrastructure Investment*, including life-cycle cost, safety, gender equality, climate change mitigation and adaptation, job creation, capacity building, transfer of expertise and know-how for local communities, resilience against natural disaster, terrorism and cyber-attack risks.

However, the G7 should do more. Currently, the gap between supply and demand of infrastructure investment in the developing world to meet the UN SDGs is estimated to be 1 trillion to 1.5 trillion US dollars annually before 2030. The multilateral development institutions have paid more attention to the infrastructure investment, including World Bank, regional development banks, IMF, and the newly created Global Infrastructure Hub, Global Infrastructure Facility. But that's not enough. The emerging economies, China in particular, are also playing important role in this area, including through the One Belt One Road Initiative, Asian Infrastructure Investment Bank, BRICS New Development Bank. To enhance the coherence and coordination among the various infrastructure players is also an important work for the G7.

On May 31-June 2, 2018, G7 finance ministers, central bank governors and development ministers will meet in British Columbia to talk about Investing in growth that works for everyone. On June 8-9, the G7 leaders will meet in Charlevoix to talk about growth, trade, jobs, environment and others. In my view, G7 ministers and leaders should talk about quality infrastructure investment, which is important for economic growth, and also for trade, jobs and environment.

More specifically, G7 can consider several contributions to the global infrastructure investment agenda:

1. We will make the Action plan of the *G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment*.
2. We ask multilateral development banks to contribute additional lending on quality infrastructure.
3. We urge the multilateral development banks to catalyze the private resources for infrastructure investment.
4. We will strengthen the pipeline of bankable infrastructure projects.
5. We will work with countries to create an enabling environment to mobilize infrastructure investment through regulatory reform.
6. We will cooperate with new stakeholders of infrastructure investment.

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