

G7 Summit in Elmau

# Keeping global sustainability in mind

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## The Current Column

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**Bonn, 20 June 2022.** The German Government launched an ambitious sustainability agenda in early 2022 as part of its G7 Presidency. Less than two months later, it was confronted with Russia's war of aggression against Ukraine, requiring a change of priorities and calling old certainties into question. Chancellor Scholz made it clear that this attack by Russia marked a "Zeitenwende", a historical turning point. The trick at the G7 Summit, taking place in Elmau from 26 to 28 June, will be to resolve short-term crises without losing sight of the long-term challenges.

With the United Nations divided in its response to the Russian invasion of Ukraine and the G20, of which Russia is a member, more or less paralysed, the G7 is currently one of the few international forums capable of taking action. In addition to initiating economic sanctions against Russia, the G7 states have also put together packages of finance and support for Ukraine and its neighbours. The group's development ministers have established a Global Alliance for Food Security to absorb the negative effects of Russia's war against Ukraine.

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As important as it is for the G7 to respond directly to the war in Ukraine in this way, the main question is what answers will be identified at the Elmau summit to the medium- and long-term global challenges. This column will focus on the sustainable economic recovery and the climate policy transformation.

If we are to achieve the Sustainable Development Goals (SDGs) by the end of the decade, then we must work to counter a two-track recovery in which developing countries fall behind. Many developing nations already had very limited fiscal space in the wake of the COVID-19 pandemic. Consequently, it is difficult for them to tackle the socio-economic impact of the pandemic and restructure their economies in the long term to make them climate-neutral and climate-resilient. The number of countries facing debt crises has doubled since 2015. There is a risk that this trend will be exacerbated further by the effects of the Ukraine war and interest rate hikes in the United States and the EU. International investors will also price for the growing climate risks in many developing countries, further impeding their access to global financial markets.

At their meeting in May, the G7 finance ministers merely made reference to the G20 Common Framework, which is designed to help restructure or even cancel debt. So far, initiatives by the G7 to relieve the debts of developing countries have been few and far between. While it is accurate to point out that China should also contribute to debt relief, it is not expedient. Instead, more should be done to hold private debtors, most of whom reside in the G7 countries, to their obligations. It is also necessary to gear debt-relief measures to a greater extent to socio-ecological transformation processes and adaptation measures in countries at risk from climate change.

At the heart of the agenda for the German G7 Presidency, presented in January, is climate policy transformation. The G7 climate, energy and environment ministers agreed at their meeting in late May to largely decarbonise energy supplies by 2035 and phase out the generation of power from coal, though no specific date was agreed for completing the latter. Also significant was the insight that resolving the climate crisis is not enough; it is also necessary to adopt an integrated approach to tackling the global biodiversity and pollution crisis.

So far, the finance ministers have been vague in their commitments to international climate finance. The communiqué from their May meeting simply states that they expect to meet the goal of providing USD 100 billion annually by 2023. Similarly, when it comes to the G7's key instruments for promoting climate policy transformation, especially an open and cooperative climate club and the Just Energy Transition Partnerships with selected countries, it has all been announcements to date, but very few specifics.

As such, key initiatives have been initiated at ministerial level during the past few weeks, despite the necessary responses to the war in Ukraine. However, the summit of heads of state and government in Elmau must deliver important decisions in central areas such as climate policy and in regard to the debt crisis in order for the German G7 Presidency to make a real contribution to achieving the SDGs by 2030.

Another key issue is the multilateral mainstreaming of the initiatives within the G7. Consequently, it is positive to see that key G20 members, namely India, Indonesia, South Africa and Argentina, have been invited to Elmau and that Senegal, the current Africa Union Presidency, has a seat at the table. It is now necessary to reach specific decisions, which can then be brought to other more inclusive forums such as the G20 for discussion. The G7 will only be able to take action by working with international partners.