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G7 countries agree climate targets, vaccination programmes and China policy

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With renewed vigour, the heads of state of the G7 group of leading industrialised nations recently agreed climate targets, vaccination programmes for poor countries and a common front against China at their eponymous summit, held in the British resort of Carbis Bay. For the G7, the summit was a kind of fresh start after the change of leadership in the White House.

Former US President Donald Trump's isolationist policy during his term under the slogan "America First" nearly caused a split among the group. Incumbent US President Joe Biden is once again putting more focus on multilateral cooperation and good relations with friendly countries. German Chancellor Angela Merkel spoke of a successful G7 reboot: although the world no longer has any problems, Merkel said, "we can work on solving these problems with renewed vigour."

A key decision of the summit was the pledge to provide more vaccine support to poorer countries in the fight against the Corona pandemic. According to the final communiqué, there are pledges for 870 million vaccine doses, half of which are to be delivered to countries in need by the end of the year. Some organisations criticised the pledges as insufficient. The World Health Organisation (WHO) estimates that poor countries need 11 billion doses.

G7 aims for climate neutrality by 2050

The climate policy of the industrialised nations was a further key topic. Under Donald Trump, the USA had temporarily withdrawn from the Paris Agreement. Biden has since reversed this withdrawal and thus made joint action possible. Specifically, the G7 agreed at their summit to reduce carbon dioxide emissions by about half by 2030 compared to 2010. Complete climate neutrality is to be achieved by 2050 at the latest. This means that by then no carbon dioxide will be emitted or CO2 emissions will be fully compensated.

In addition, a comprehensive aid programme is to support developing countries in investing to fight climate change. According to the G7, the initiative called "Build Back Better World" ("B3W") is to provide several hundred billion dollars in infrastructure investments for low-income countries. Germany alone wants to increase its annual contribution in infrastructure aid from EUR 4bn to EUR 6bn by 2025 at the latest.

Minimum tax rate for fair competition

A minimum identical tax rate for companies across all countries was also discussed in order to close tax loopholes in the future. The G7 agreed a minimum tax rate of 15 per cent, and this proposal will now be presented to the larger round of G20 countries in July. While the G7 includes the USA, Great Britain, Germany, France, Italy, Japan and Canada, the G20 also includes other leading economies such as China, South Korea, Argentina, Australia, Brazil, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa and Turkey.

Cooperation will level the playing field, generate more tax revenue and tackle tax avoidance, the G7 statement said. The economic stimulus packages in the fight against the crisis have put a considerable strain on the national budgets of some countries, which is a likely driver for the desire for a fair distribution of tax revenues.

G7 react to China's rapid rise in power

Finally, a major theme of the summit was a united front against China. Not only Joe Biden's change of course, but also China's rapid rise in power is likely drawing the G7 closer together at present. For one, the G7 wants to counter China's "new Silk Road" and the country's growing influence in the world with its own infrastructure initiative. Previously, the US Senate had already approved technology investments of 250 billion dollars to counter China's global influence.

The G7's investment offensive in poor countries, suggested by Joe Biden, should also be seen against this background. The Western industrialised nations no longer want to sit idly by as China gains influence.

In their communiqué, the G7 also demanded that China respect human rights and freedoms. In concrete terms, however, the G7 countries were divided on their policy towards China. While the US is calling for the toughest possible course, German Chancellor Merkel wants to avoid confrontation as much as possible. China is a highly important sales market for many German companies, for example in the automotive and mechanical engineering sectors.

NATO also sharpened its tone towards China at its most recent summit. China's objectives and its self-confident appearance pose "systemic challenges" to the rule-based international order and areas relevant to the Alliance's security, the NATO's final declaration said.

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