

GARY LITMAN

Senior Vice President of Global Initiatives at the US Chamber of Commerce

Thierry de Montbrial, Founder and Executive Chairman of Ifri and the WPC

I will now ask Gary to give a very concrete view of what the business community in the US is expecting from such a body. Do you expect anything and what? Relating to Hye-Min's remarks, what do you think about the way Trump thinks about these kinds of organizations? Apparently, he does not seem to be very interested.

Gary Litman, Senior Vice President of Global Initiatives at the US Chamber of Commerce

Thank you, Thierry. Thank you for inviting me. It is fascinating to listen to real insiders of the G7 and the G20 processes, and what I can do is to offer an outsider's view. The business community represented by the US Chamber of Commerce, the largest business advocacy group in the United States, started paying attention to the G7 around 2007. The first thing we did was to call on our counterparts in France, Canada, Germany, Japan, Italy, the European Union and the UK, which was then in the European Union, as we recall. We shared the same feeling of unease in 2007. If you remember, at that time there was a lot of political tension between Washington, Paris and Berlin. In the cafeteria of the greatest deliberating body in the United States, some people insisted on renaming French fries "freedom fries". We felt that at the peak of globalization, when we looked at each other as competitors but also partners, the governments were trying to pull us apart and wrap us into national flags and say that, 'You are an American company and you have to behave this way', and, "You are a French company and you have to be this way," etc., and that is not the way the businesses we represented felt.

We therefore decided to get together and have a private meeting of leaders of the largest business lobbies in order to find out whether we had something in common and what we can do to help our companies keep gaining the economies of scale through globalization. In 2007, we had our first meeting and we formed Business7. The financial crisis started a year later. When we saw the elevation of the G20, we decided to keep our eye on the G7 process. At the time, we did not calculate the share of GDP. We did not look at the numbers. We had a very simple strategy. These are the rule-makers. Rule-makers are getting together and creating rules, or at least a shared analysis of what is right and wrong in our economies, and they are not asking the actual actors in these economies, the business community, their opinion about the future. We wanted the G7 to offer a shared narrative of economic growth coming out of the financial crisis in economies where most of our multinationals are based, where they pay their taxes, develop their innovation and where their bankers are based, and we were completely shut out of the process.

As the ambassador said, the G20 became more important on many levels during the financial crisis. It even begets some institutions, like the Financial Stability Board and others. We started paying a lot of attention to that, so we formed a parallel group, Business20, but we kept the seven for the same reason (regulatory power). In the wake of the financial crisis the governments got a lot more influence, a lot more self-assurance that officials knew better than that private sector how to handle the global economy to recover from the crisis. They saw many companies fail. Some of the leading companies failed in 2008-2011. Many companies had to be bailed out. Therefore, the governments felt that they were in charge, and they were. However, for us in the private sector today is a completely different universe compared to 2007, so we still look at the G7 with the same eyes.

There is a difference. I must tell you that there is a lot more interest right now in the business community about the G7. Starting with the German presidency two years ago, when we realized that the G20 was reflecting the dysfunctionalities of geopolitics while the G7 was regaining or consolidating its influence over international institutions and over rules – rules of the financial markets, rules over industrial policies, not only rules, not in legal terms, but the shared way of describing global problems, the shared language of describing the capacities and limitations of governments and the private sector, the shared difficulties of generating growth in our mature economies. That is why we started paying a lot more attention to meetings of G7 principals and also ministers. If you think about this, throughout the year the ministers and deputy ministers of energy, transport, tourism, finance and health keep meeting together with no private sector being there. Precisely because these forums are not treaty-based, they frequently bypass the normal process, they get involved with stuff as they wish, and that creates flexibility, but also a lack of transparency, which is all the more reason for the private sector to be interested and try to insert ourselves.

We did so, and last year the Italian presidency under Prime Minister Meloni was exceptionally eager to engage the private sector in many ministerial meetings as long as the key conversation was about the digital economy. Our expectation is that the G7 will keep setting the narrative. In this world where content is king, most politicians respond to and pick up the narrative that is being phrased by others. Even today, at the opening session, you saw political and religious leaders echoing what had been said by the G7 10 years ago about climate and inclusivity, etc. The concepts introduced by the G7 some time ago still work. Although political cycles have turned, new presidents, new prime ministers, including President Trump will walk into the same meetings, but more importantly all of his staff will walk into those interagency meetings, and they will have to speak that language. They will have to understand the history. They may not like it. It does not matter. They are there for four years, and they will have to understand what is going on. That is really the reason the private sector is keen to be involved.

This year, Canada has the G7 presidency, while France has it next year – I do not know whether that fits your middle power definition, Thierry – and then the United States will have it, which means that France will be chairing the G7 when the United States chairs the G20. I can assure you the business community will work together. We will not read all those thousands of pages. We will have our very narrow interests, finding those areas where governments may help or impede economic growth, and that is where companies will direct their representatives and others to focus and find ways for politicians to listen. That is really all that we see from



outside. A last point about the G7: we would hate to see the G7 being defined by what it is not. It should not be defined by what BRICS is doing. It should be defined by what the G7 is doing for its own citizens, its own businesses and it should do the best it can. In terms of expansion, we will leave that to politicians, but when it comes to governments that set the rules for large markets, we want to interact with them individually and we want to be part of any of their collective endeavors.

Thierry de Montbrial

Thank you very much, Gary.