

The G7 Annual Leaders' meeting in Cornwall this week will be distinctive for several reasons. 2020 was mostly a write-off for live summitry. Despite several false starts, former President Trump never did host a G7 Leaders' Summit. Cornwall will be the most significant in-person meeting of its kind for well over a year.

Cornwall will also be unique in being US President Joe Biden's first overseas trip and in-person multilateral summit. Biden will seek to signal to the international community that the US is back as a global leader, casting Washington's mode of leadership as embodying strong elements of continuity with the pre-Trump era. With the Democratic Party increasingly anxious about their prospects at the 2022 mid-term elections, Biden will want to show his domestic audience that he can marshal the free world, particularly on China.

Pre-Summit rhetoric, especially coming out of Washington and London, has focused on the threat posed to global democracy by a litany of challenges, not least being Russia and China. There is a sense that the West and its democratic allies are behind the eight ball after Cold War triumphalism, the distractions of the War on Terror and decades of naivety about China's rise and true intentions. It is here where the Cornwall Summit has the potential to be a watershed moment – a revitalisation of collaboration and common purpose amongst global democracies after the lost decades.

What's on the agenda?

Peace & Security: Peace and security will be at the forefront of the G7's agenda. Although traditionally Euro-Atlantic in character and focus, the G7's guest list and the 5 May foreign minister meeting's communique suggests an increasingly Indo-Pacific focus. Whilst the traditional issues of Russia, Iran, Afghanistan, and global terrorism got plenty of mentions, the most controversial and novel sections of the minister's communique concerned China.

Beijing was put on notice for its unilateral activities in the South China Sea and East China Sea. Most challenging from Beijing's perspective was the communique's call for "peace and stability" in the Taiwan Strait – a rebuke of the PLA's recent sabre-rattling – and calls for Taipei to be allowed to participate in the WHO and WHA. Similar references to Taiwan and freedom of navigation issues will all likely be included in the Summit communique. China's crackdowns in Hong Kong and Xinjiang will likely warrant attention as well. A communique which clearly condemns China's crackdown at home and adventurism abroad will be seen an important "signature" diplomatic victory for the Biden Administration.

For their part, European countries will be sure to call out Russia's recent provocative military manoeuvres targeting Ukraine, as well as Moscow's support for Belarussian President Alexander Lukashenko. Lukashenko's ordering of the hijacking of Ryanair flight MiG-29, which conceivably could only have taken place with at least tacit Russian backing, was seen as particularly egregious across European capitals. Biden's upcoming summit with President Putin and South Korea and Japan's traditionally less adversarial (and in New Delhi's case warm) relationship with Moscow may moderate the tone on Russia.

Trade & Finance: Kickstarting the global economic recovery will be a priority for G7 leaders and guests. A common thread of the G7 Trade Minister's Communique was the need to tackle "market-distorting policies". Although China is not directly mentioned, the additional emphasis on "fair trade" and the "rules-based multilateral trading system" suggests that Beijing is in the G7's collective crosshairs. Any moves towards a "united front" tackling China on trade will play well domestically for Biden. The bloc will also want to present economic alternatives to China. To this end, the G7 is expected to consider launching a "Clean Green [infrastructure] Initiative", specifically aimed at providing a green alternative to the Belt and Road. Co-operation on supply chains for critical technologies like semiconductors will also almost certainly be discussed.

Another meaty item on the agenda will be the G7 Finance Ministers' Agreement, reached last Saturday, to set a 15 percent floor for global corporate tax rates. The agreement is momentous in having the potential to put to bed long-simmering US-EU disputes on the taxation of American

digital services and tech giants. Despite making billions in sales in European jurisdictions, companies like Netflix pay little tax owing to the practice of booking profits in tax havens. The hope is that the 15 percent minimum global tax rate will short-circuit this practice by effectively eradicating tax havens.

Biden's strategy may be to build bridges by emphasising multilateralism before tackling more geopolitically fraught trade issues. Indeed, contentious issues like the future of the WTO Appellate Body and carbon border tariffs will probably be kicked into the long grass for the time being as the world's leading democracies seek to demonstrate unity.

Vaccines: Addressing the next phases of the pandemic by expediting the global vaccine roll-out will also be a major focus, with strong economic and strategic undertones. After racing ahead in vaccinating their own populations, the US, UK and to a lesser extent the EU, have somewhat belatedly come to the realisation that their populations and economies will not be free of the COVID threat until the developing world is also vaccinated. The West's preferred COVAX mechanism has so far barely scratched the surface. The alleged selfishness of Western nations has been grist for the mill for Russian and Chinese propaganda machines. Both countries have sent tens of millions of vaccines abroad. Biden's promise to share 80 million vaccines (primarily with the developing world) and the decision to back intellectual property waivers for vaccines has set the tone for Cornwall.

Climate change: Though climate is a key focus of both Biden and his British host, most announcements of substance will be reserved for the COP26 Summit. Nonetheless, the ambitious tenor of the G7 climate and environment minister's communique was clear in committing G7 members to phasing out international financing for "unabated thermal coal" by the end of 2021. The commitment to protect 30 percent of the world's forest and oceans by 2030 was another significant result. The most substantive development though, was the commitment to keep global temperature rises to 1.5 degrees and to achieve net zero emissions "as soon as possible and by 2050 at the latest".

Prime Minister Scott Morrison

A recent trip to New Zealand excepted, Prime Minister Morrison's visit to Cornwall will be just his second overseas trip since the pandemic began. India and Australia are the only Summit attendees yet to formally announce net zero targets, potentially providing for some awkwardness. Otherwise, Morrison will find little to disagree with on the Summit's agenda and will welcome the G7's increased focus on the Indo-Pacific and any efforts to bolster the vaccine roll-out regionally.

The Cornwall Summit will be Morrison's first opportunity to have a face-to-face conversation with President Biden. Ever adaptable, Morrison will be hoping to develop a rapport with Biden that is at least as productive as the strong relationship he enjoyed with Trump. Malcolm Turnbull had to adapt Australia's poise the other way transitioning from President Obama to Trump. Biden will want to see more climate ambition from Australia, while Morrison will want Biden to hold the line on China, particularly in Southeast Asia and the Pacific where the current administration's engagement has so far not matched its pivot mark 2 rhetoric. Cornwall could also provide an avenue for the first in-person Quad Leader's meeting – minus Prime Minister Modi who will attend the Summit virtually. In keeping with Morrison's Indo-Pacific foreign policy focus, bilateral meetings with Prime Minister Yoshihide Suga and President Moon Jae-in are also likely.

Despite some prickly issues over agricultural tariffs, Australia is expected to sign a preliminary FTA with the UK following the Cornwall Summit. This will be a win for Canberra's objective to diversify its economy away from China. Putting pen to paper will also be a victory for Johnson, as it will mark the realisation of one of the UK's most ambitious post-Brexit free trade deals (most trade deals so far have essentially been continuity arrangements).

At the Élysée's invitation, Morrison will also travel to France. On the agenda will be Australia's A\$90 billion Future Submarines Program. Morrison will want to inject momentum into Australia's ongoing trade talks with the EU and encourage President Macron to continue building France's

already significant presence in the Indo-Pacific. Morrison will likely commend Macron on France's indispensable boots-on-the-ground presence fighting terrorism across West Africa.

President Emmanuel Macron

According to Dragoman Counsellor Jean-Marie Guéhenno, Macron will use the Cornwall Summit to attempt to establish a good rapport with Biden. With German Chancellor Angela Merkel's departure from the world-stage imminent, Macron has a golden opportunity to position himself as Biden's main European interlocutor.

On strategic issues, Macron will take a particularly strong stance on Belarus to compensate for his previous unilateral overtures to Russia, which played very badly in most European countries. On China, Macron will be more or less aligned with Biden – though some differences may present at the NATO Summit scheduled for 14 June. To keep NATO focused on Europe's near abroad, Macron will resist nascent US efforts to shift the organisation's focus towards China.

Friction may arise on the ambition – or lack thereof – of the proposed 15 percent global corporate tax floor. France's Minister for the Economy and Finance, Bruno Le Maire, has described the 15 percent rate as a "starting point". On vaccines and the economic fallout of the pandemic, Macron, just back from a trip to Africa, will want to send a message of strong solidarity with developing countries and will not want to be outflanked by Biden. In that regard, there is some potential for friction between the two leaders. Macron likes to be the disrupter in chief, ahead of the consensus, but in the past few months Biden has been bolder than expected, and Macron will not want to look timid.



Hon Robert Hill AC

Robert Hill is Chairman of Dragoman's Counsellors. He was Leader of the Government in the Senate from 1996-2006, Environment Minister from 1996-2001 and Defence Minister from 2001 to 2006. Robert was Australia's Permanent representative to the UN in New York from 2006 to 2009. He has had extensive experience serving on boards and as chairman of public and private institutions, particularly in the environment and defence sectors. He is currently Chairman of Viva Energy.



Tom Harley

Dragoman Managing Director Tom Harley is a political scientist with an economics and finance background. In 2019 he was appointed as one of three Australian members of the APEC Business Advisory Council. Tom was non-executive Chairman of Dow Chemical (Australia) and Senior Advisor to The Dow Chemical Company's Executive Leadership Team (globally). Tom was President of Corporate Development at BHP Billiton, where he designed and implemented BHP Billiton's worldwide political risk analysis methodology.