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The G7 under the French presidency: international cooperation is—more than ever?—needed

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The institutions of international cooperation, and the very principle on which they rest, are now being challenged by the raw exercise of power. This is particularly evident in the military sphere, but also in the economic one, whether through US tariff policy or China's dominance in critical technologies and the risk of their strategic use. As a result, countries and value chains are making the strengthening of their security a top priority. However, recent initiatives show that even the major powers require forms of cooperation to ensure their security—as illustrated by the need for the United States to secure supplies of critical

materials—and must coordinate to address the macroeconomic, financial, social and environmental imbalances that their development model can generate. This issue lies at the heart of the French presidency of the G7. Beyond the stated ambition, the credibility and relevance of the G7 are at stake.

As conflicts multiply, their global consequences serve as a reminder of the deep interdependencies that bind nations together. Even the major powers are vulnerable to disruptions in supply chains, knock-on effects of price changes, financial crises and air pollution, and more generally to decisions taken beyond their borders. The temptation is twofold: to turn inwards in pursuit of self-sufficiency, or to use power to secure what cannot be produced domestically. Neither offers lasting protection. Yet recognizing this does not preclude the pursuit of strategic autonomy and resilience, through a detailed understanding of these dependencies and their implications, and through the diversification of partners.

In this context, the challenge is not necessarily to break free from these interdependencies, which would be both costly and illusory, but to manage them more effectively. International cooperation can play precisely this role: establishing basic rules of the game, creating frameworks for dialogue and transparency, and thereby preventing national strategies from producing collectively suboptimal outcomes while helping to mitigate crises. International institutions were born of this reality. From the United Nations (UN), established after the Second World War, to more recent forums such as the G7 and the G20, created in response to oil shocks and financial crises, these bodies, though based on different rationales, enable States to engage in dialogue and coordinate their policies. In doing so, they (ideally) help develop shared frameworks of understanding, limit economic frictions, anticipate crises—energy, financial, humanitarian and environmental—and manage them.

At a time when the United States is chairing the G20 and introducing major disruptions into the discussions, the French G7 presidency has chosen to focus on two key risks to economic stability and security, even though the political scope for progress appears limited in the context of ongoing conflicts: the major macroeconomic imbalances between the most powerful economic blocs, which are reshaping their industrial policies; and, consequently, the risk that it will become increasingly difficult for the rest of the world to finance the investments needed for sustainable development and industrialization.

T7, the think tank engagement group, has sought to identify possible avenues for agreement within the G7 framework, potentially extended to other key countries, on major issues at the intersection of these two priorities. Some 50 think tanks from G7 countries and beyond, [coordinated by IDDRI](#), have begun examining the challenges of cooperation amid tensions created by new industrial policies and unequal opportunities for sustainable development, while the [European Council on Foreign Relations \(ECFR\)](#), IDDRI's partner in the T7, has examined the challenges involved in coordinating measures relating to economic security, innovation and artificial intelligence.

Coordinating industrial policies

In response to the major transitions currently underway and the opportunities they present, the world's major economies have revived their industrial policies and are competing to capture markets and secure jobs and economic value. This also involves the use of instruments and policies that can be destabilizing for domestic economies as well as at the global level. Greater coordination among the major economies on key elements of these industrial policies could serve as a stabilizing force.

A key area concerns secure, responsible and equitable critical mineral value chains, both a source of friction and an area of opportunity on which countries are seeking to capitalize. Sustainable security in this area cannot rely solely on isolationism or on a rush to secure bilateral agreements; it requires cooperation between producers and importers

across the value chain. The dedicated working group has therefore examined how the G7 can give substance to such sustainable cooperation, a prerequisite for promoting activities that protect the environment and respect local communities (see *Solution Paper* [“Secure, Responsible and Equitable Critical Minerals Value Chains”](#)).

Given the proliferation of investment (and trade) instruments and agreements aimed at securing value chains, and the concentration of foreign direct investment flows, there is also a need to ensure that investment agreements are more closely aligned with countries’ economic, social and environmental development objectives, whether or not they are G7 members. The fragmentation of international governance and the ageing stock of investment agreements, which are increasingly out of step with today’s realities, call for reforms to the international investment framework and the development of innovative instruments. These are areas in which G7 countries have a key role to play, as highlighted by the findings of the dedicated working group (see *Solution Paper* [“Strengthening coherence between investment agreements and environmental, social and economic objectives”](#)).

The future of development finance

The current approach to development partnerships requires fundamental reform: it no longer reflects today’s realities. Both donor and recipient countries have evolved, as have the instruments of partnership. Above all, the context created by the Compromiso de Sevilla ([IDDRI, 2025](#)) calls for moving beyond official development assistance alone to incorporate the challenges of trade, investment and the reconfiguration of global value chains. In particular, this means ensuring that developing economies can fully benefit from green industrialization and are not left behind. From this perspective, the challenge, including for the G7, is to build new alliances based on a better understanding of the needs of partner countries and on shared criteria for effectiveness and impact.

The development finance ecosystem must evolve to accommodate the growing number of stakeholders, become more effective and efficient, particularly in managing increasingly limited concessional funds, and strengthen ties with the private finance sector. Within this ecosystem, public development banks must form a more effective and integrated system, as they are its linchpins, acting both as channels for financing and as close observers of on-the-ground realities. With this in mind, the dedicated working group has produced recommendations (see *Solution Paper* [“Towards a more effective and integrated Public Development Bank system”](#)) on tools to enhance the contribution of these banks to the ecosystem, by better integrating project preparation and implementation processes and by reducing financial costs and risks for emerging markets and developing economies through improved access to vertical funds and the development of integrated financing packages.

The increasing frequency of natural disasters is making certain regions—including within G7 countries—partially or entirely “uninsurable”. This crisis threatens both the economic stability (particularly fiscal stability) of G7 countries and the resilience of vulnerable nations. Tools to improve international understanding of physical risk profiles must be developed and shared; the conditions for a fair and effective sharing of costs between the public and private sectors must be reviewed; and opportunities for insurability and investment must be created in vulnerable countries (see *Solution Paper* [“Enhancing insurability against natural disasters”](#)).

Financial commitments to biodiversity remain limited and difficult to compare, but nature-related reporting frameworks are becoming increasingly widespread, particularly in major Asian economies. The dedicated T7 working group (see *Solution Paper* [“Standardising and strengthening accountability for biodiversity finance”](#)) recommends that the G7 take action on three fronts: changing mindsets so that nature finance is seen as an opportunity rather than a cost; strengthening public investment through an operational “do no significant harm to biodiversity” standard for public finances and multilateral development banks; and promoting common reporting standards ([TNFD](#), [GRI](#), [ISSB](#)), as well as financing global environmental commons such as tropical forests.

The G7, under the French presidency in 2026, could demonstrate that, despite tensions, cooperative approaches are more effective in ensuring security than the use of force, particularly if engagement with G20 countries, especially the major emerging economies, leads to political or technical agreements on issues that are crucial not only for economic and political security but also for sustainable development. In a more fragmented world, these forums must be able to help develop pragmatic solutions to key challenges related to economic, energy and environmental transitions.