B7 ITALY 2024
Leading the transitions together

Leading the transitions together

Final Communiqué

CONFINDUSTRIA

Statement by the B7 Chair

Mrs. Emma Marcegaglia

In the aftermath of this record year's elections, a wave of new political leadership will carry the responsibility of steering the global community through alarming military conflicts, geopolitical tensions and pressing socioeconomic concerns. The G7 Italy 2024 stands at a pivotal juncture championing the founding values of liberal democracies upholding rule-based markets. The G7 Business is committed to conveying actionable recommendations for leading together the transitions that are reshaping our economies and societies by prioritizing cooperation over conflict, inclusivity over exclusivity, and progress over stagnation.

Statement by the B7 Presidents

BDI | Prof.Dr-Ing. Siegfried Russwurm

As democratic market economies, we have the opportunity to join forces: for example, to set standards in strategic fields of technology. Our aim does not exclude but invites others to join: the B7 remains convinced that international trade creates global prosperity. Our economies will remain open to cooperation and the expansion of trade relations - value-oriented but pragmatic.

Business Europe | Mr. Fredrik Persson

The green, digital and geopolitical transitions bring challenges, but they also present opportunities for companies. To mobilize private and public investments enabling the transitions we will need solid economic growth and international cooperation among and beyond G7 countries. In the process we must resist protectionism and unilateral action, striking the right balance between security and openness. International convergence of climate ambitions together with increased demand for clean technologies will be key for a successful transition.

CBI | Mr. Rupert Soames OBE

As we face rising geopolitical uncertainty, the importance of the G7 is more critical than ever. The G7 must demonstrate global leadership in high-growth technology and innovation, in order to drive long-term sustainable and inclusive growth, help us to transition to net zero, and boost productivity. As the B7, we stand ready to work in partnership with the G7 to lead the green and tech transitions in order to boost global competitiveness, whilst at the same time equipping our workforces with the necessary skills to support these transitions.

CCC | Hon. Perrin Beatty

In the current turbulent international moment, the B7 plays an integral role in facilitating cooperation between governments and the global business community, and also in articulating an economic vision for navigating the challenges and opportunities we collectively face. From maximizing the benefits of artificial intelligence, to enabling the global energy transition, to preserving global economic security, it is important that we are ambitious in advancing our shared prosperity and security. As Canada will hold the G7 Presidency in 2025, the Canadian Chamber of Commerce looks forward to continuing the important work of the B7 in the coming year.

Keidanren | Mr. Masakazu Tokura

At a turning point when various transitions are going on, the G7/B7 must exercise stronger leadership together to drive them forward in a mutually reinforcing manner. In this endeavor, Keidanren is committed to promoting free and fair trade/investment to avoid the fragmented world and strengthening economic security while minimizing its negative impact on business.

MEDEF | Mr. Patrick Martin

The G7 economies face today the same challenges. It is together, in a coordinated and collaborative manner, that they must find solutions. The ongoing green and digital transitions are major challenges, but also a great source of opportunity for our countries and companies to prosper. Avoiding market fragmentation, over-regulation and involuntary barriers to trade and investment must be our common goal.

U.S. Chamber of Commerce | Mrs. Suzanne P. Clark

In a global economy, and in volatile geopolitical times, like-minded nations and business communities must champion the principles of democracy, open markets, and a fair, rules-based international system. The B7 presents a unique and powerful platform to reinforce our commitment to these values and to advance stability, prosperity, and opportunity on the world stage.

FOREWORD

We, the Leaders of the Business Federations of the Group of 7 countries ("the B7"), issue this Declaration after the B7 Summit held in Rome on 17th of May 2024.

The G7 stands as a united front of like-minded nations committed to protecting and advancing the founding values of liberal democracies: freedom, the rule of law, fair competition, and respect for human rights. These values are also of paramount importance to the business community. Building on the legacy of previous B7 cycles, we fully and vigorously support our governments' efforts in sustaining democracy and free enterprise.

We hereby convey our policy recommendations for reinforcing the competitiveness of our economies to shape a prosperous and equitable future for our societies.

Strengthening the G7 cohesion against the escalating geopolitical instability

In the wake of the Russian invasion of Ukraine, NATO-Russia relations are at their most precarious since the Cold War and gravely alarming across all our countries. The Red Sea crisis is severely impacting global trade by disrupting container shipping, diverting commercial routes, and increasing freight costs. In the digital realm, businesses, citizens, and nations are increasingly threatened by cyberattacks. Geopolitical tensions exacerbate trade disputes that can no longer be effectively addressed by the World Trade Organization (WTO) whose functions remain irreplaceable for business.

As we navigate such uncharted waters, the G7 is a beacon of hope reverberating far beyond our borders. We must rise to the occasion and explore immediate actions. We call for closer and enhanced cooperation extending to key non-G7 partners, notably in Africa, to fortify our resilience by addressing urgent matters related, *inter alia*, to de-risking critical dependencies, preventing further disruptions in essential Global Value Chains (GVCs), leveling the trade and investment playing field, timely coordinating our responses to future emergencies, strengthening common security mechanisms, advancing collaborative intelligence-sharing, cybersecurity protocols, and joint responses to economic coercion.

Reducing the competitiveness divide: a collective and urgent imperative

While the success of the G7 critically hinges on our shared strength, disparities in competitiveness persist among our economies. Economic weakness fuels populism, unjustified state intervention, protectionism, and inward-looking agendas that fragment the ties across our systems and undermine the benefits of multilateralism. Investing in our competitiveness primarily consists of promoting a convergence of industrial policies to unleash the full potential of our market-based economies. Failing in this goal will further reduce economic growth and social inclusion. Coordinated roadmaps must guide us in areas such as the energy transition and Artificial Intelligence (AI) for driving sustainable growth and innovation.

We call on our governments to learn from each other's successes and failures and closely coordinate monetary and fiscal policies putting debt sustainability and investment incentives at the forefront. Uneven investments in research and development, healthcare, education, and infrastructure widen the existing divides and limit the ability of our economies to leverage technological advancements.

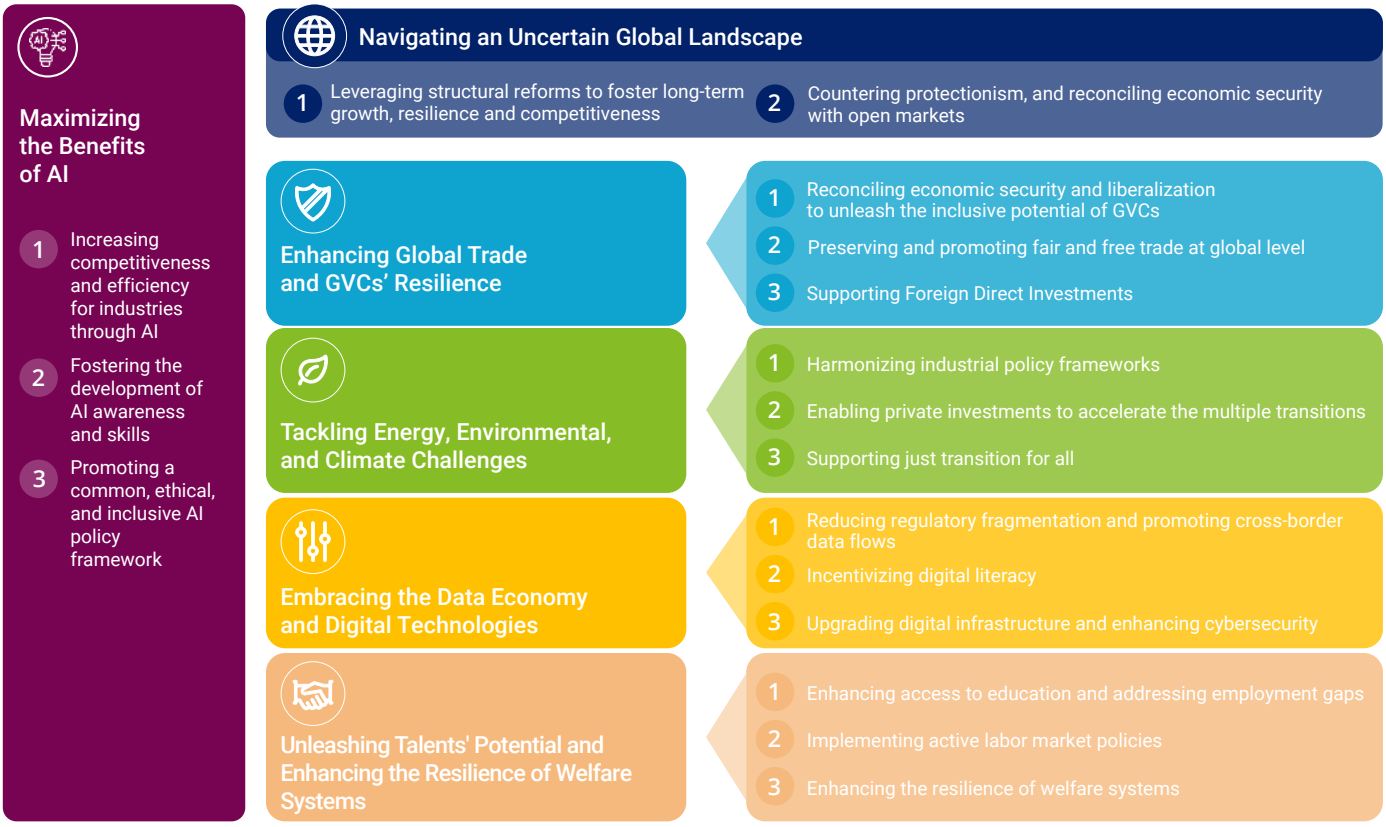
Instead, encouraging innovative ecosystems, cross-fertilizing startups, businesses of all sizes, and research centers, and favoring the adoption of advanced technologies will maximize our benefits from cutting-edge achievements. Investing in human capital is equally paramount. Robust education systems embracing digital competencies are key for empowering workforces and adapting to shifting demands in the labor market.

Prioritizing training programs and skill development will help address disparities in labor productivity, wages, and employment opportunities while strengthening social inclusion. Collaborative infrastructure projects can greatly enhance connectivity, boost trade, and help level the playing field. The Partnership for Global Infrastructure and Investment (PGII) should be the guiding light, especially for engaging with key African partners. While sharing national security concerns, we reiterate our request to balance export controls and investment screening with open collaboration, free market access, and enhanced regulatory convergence.

We underline the pivotal role of a strong public-private partnership and stand ready to contribute to the most positive outcomes at the Italy G7 Summit on 13th - 15th of June 2024.

EXECUTIVE SUMMARY

Figure 1. B7 Italy 2024 framework – Leading the transitions together: policy areas and recommendations



For *Leading the transitions together*, we have focused on five policy areas.

Maximizing the Benefits of AI

As a major catalyst for the transformation of our era, AI, in synergy with other enabling technologies, can enhance productivity and economic resilience, optimize the functioning of GVCs, and improve infrastructure planning, natural resource management, energy demand forecasting, and climate mitigation. Investing in AI and its applications ethically and inclusively will usher industries into the data economy, expand the labor market, and enhance progress in key sectors such as healthcare and life sciences. More effective public-private partnerships enhance education, skills, risk-based frameworks, interoperability, and capacity building, and make AI applications safer, and more secure and trustworthy.

Building upon the G7 AI Hiroshima Process, the B7 fully supports the G7 in establishing human-centered principles and standards to monitor and guide its evolution, while fostering innovation and interoperability for the benefit of all.

Enhancing Global Trade and GVCs' Resilience

Critical dependencies should be addressed by coordinating policies, streamlining compliance costs associated with export controls and investment screening regimes, enhancing partnerships with, and investing in Least Developed Countries (LDCs), sharing frameworks to predict supply chain disruptions, and increasing preparedness and security.

In parallel, the G7 strive for a global level playing field by eliminating unjustified existing barriers and refraining from adopting new ones. The B7 is deeply concerned about the future of the WTO and reiterates its support for a rules-based multilateral trading system. Making the WTO Moratorium on Electronic Transmissions permanent is vital, while a sound reform of the Organization remains the overarching priority. The G7 policymakers should limit policy uncertainty and support businesses' strategies, investments, and confidence. Delivering on the objectives of the PGII and the Build Back Better World (B3W) is paramount for revamping investments and supporting the sustainable growth of market economies.

Tackling Energy, Environmental, and Climate Challenges

The G7 countries' industrial policies and regulatory frameworks should converge while ensuring energy security, competitiveness, and decarbonization. Investing in sustainable and low-carbon technologies, research and development-oriented projects, and strategic value chains according to the principle of full technological neutrality and enhancing the diversification of cost-efficient transition energy sources' supplies and carriers would favor the affordability of energy prices during the transition phase. Public-private investment funds, convergent taxonomies and labeling, aligned incentives, and reduced divergencies in carbon markets would support the decarbonization of hard-to-abate industrial sectors, boost circular economy initiatives, energy efficiency, facilities' reconversions and recycling, and new smart transmission and distribution infrastructures. For a just transition, the G7 should make the Loss and Damage Mechanism operational, and promote voluntary cooperation and targeted technological transfer, while preserving intellectual and industrial property rights. It should also take into account that just transition requires the build-out of infrastructure to empower consumers and Micro, Small and Medium Enterprises (MSMEs) beyond the most advanced areas.

Embracing the Data Economy and Digital Technologies

The G7 should operationalize Data Free Flow with Trust (DFFT) through the Institutional Arrangement for Partnership (IAP) while promoting a continuous dialogue with the industry to craft regulations for a digital trust framework. Recognized evidence and risk-based standards for data flow transparency and accountability should be established, and incentives to favor trust, privacy, risk mitigation, cybersecurity, intellectual property, and interoperability should be prioritized. Promoting the development of a common G7 quantum computing ecosystem and joint research on post-quantum cryptography will enhance the security and reliability of digital infrastructures and technologies. Also, the G7 should promote an ambitious connectivity agenda to further accelerate the take-up of advanced technologies, and enhance digitalization by spreading digital skills across businesses, administrations, and societies, notably by leveraging STEM-based pathways and the use of Digital Identity for G2B, G2C, B2B and B2C transactions.

Unleashing Talents' Potential and Enhancing the Resilience of Welfare Systems

The B7 calls on the G7 to reform the educational systems at all levels to meet emerging job markets' requirements and new technological trends and to facilitate the transition from education to work. The B7 renews its commitment to bridge between the workforce and employers by identifying labor market gaps, investing in skills development, and funding apprenticeship and mid-career reskilling programs. The B7 urges G7 governments to strengthen active labor market policies, promote entrepreneurship, encourage the social inclusion of underrepresented groups, particularly women and youth, and modernize welfare systems through farsighted fiscal and employment policies providing citizens with long-term equitable access to quality services in healthcare and education and address the old-age dependency.

Measuring Achievements

The B7 Italy 2024 introduces the adoption of leading Key Performance Indicators (KPIs) making the G7 and the other owners accountable for measurable outcomes. To track these KPIs over time and measure progress against the related targets, the B7 recommends the establishment of a joint G7-B7 Monitoring Committee.

THE G7 AND AFRICA: A PARTNERSHIP FOR PROGRESS

The G7 has a unique opportunity to foster positive change in Africa and contribute significantly to sustainable development on the continent while supporting its political stability and reducing the adverse influence of non-market economies.

Emancipating African Economies from Excessive Dependency on the Export of Basic Commodities

The G7 should support the transition of African economies from excessive reliance on the export of raw materials and basic commodities to local industrialization that stimulates the development of domestic industrial supply chains, boosts market-oriented industrial culture, and enables wider participation in international trade. The G7 industry is poised to play a pivotal role in advancing Africa's integration in the global economy and is fully prepared to contribute comprehensively to achieving this objective.

Among the most effective avenues to be pursued in this direction are a reinforced and coordinated market-driven technological transfer, greater financial support, more targeted investments, and enhanced industrial collaborations, particularly in leading sectors to accompany and support the energy transition, the development of the circular economy, and the adoption of clean technologies across the continent.

Addressing Food Insecurity

Africa faces persistent food insecurity due to climate change, inadequate infrastructure, and inefficient agricultural practices. The G7 is called to invest in sustainable agriculture, research, and technological transfer to make food systems more resilient and reduce poverty.

Figure 2. Commodity dependency as a share of allocated merchandise exports (2019 – 2021)[1]

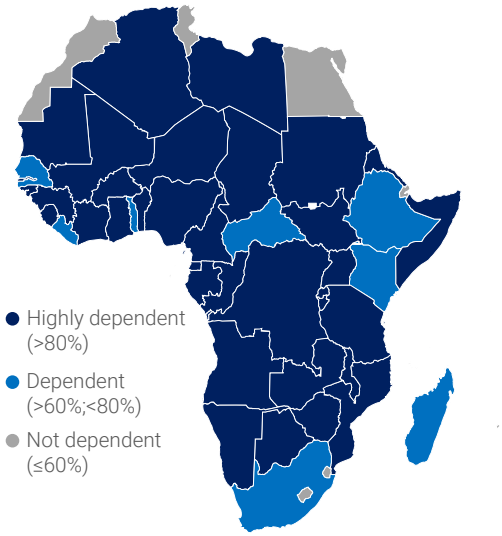
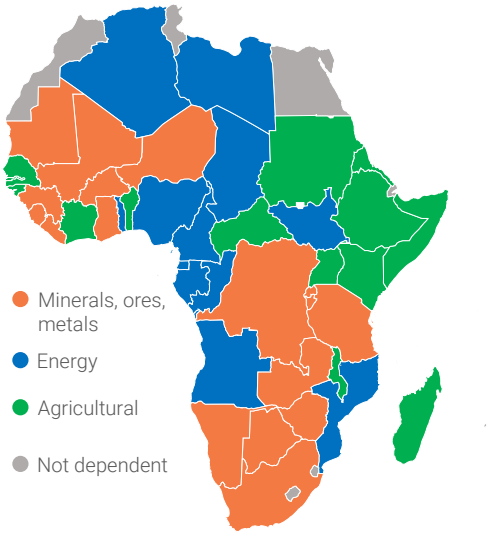


Figure 3. Commodity dependency by dominant export product group (2019 – 2021)[1]



[1] UNCTAD, 2023: The State of Commodity Dependence.

The B7 reiterates its full commitment to alleviating poverty also by deploying the most productive processes and technologies together with African industrial partners, and encourages the Italian G7 Presidency to advance G7 action in close collaboration with the FAO and the other relevant international and multilateral organizations.

Investing in Young People and Women Entrepreneurship

Africa boasts the fastest-growing youth population globally. This demographic dividend can be unleashed through increased investments in education, particularly in science and technology. The G7 should prioritize initiatives that empower young Africans with relevant skills, enabling them to drive innovation, entrepreneurship, and economic growth. Sustaining women's entrepreneurship plays a crucial role in Africa's economic development, as promoting gender equality, supporting women-led businesses, and providing access to finance and mentorship are among the most effective means to pair economic growth with inclusion and social progress.

Enhancing Digital Transformation

Digital technologies have the potential to revolutionize Africa's economies. The G7 should support digital infrastructure development, promote connectivity, and facilitate access to information technology. By fostering digital literacy and entrepreneurship, the G7 can also empower African youth to participate actively in the global digital economy.

The B7 embraces the creation of the AI Hub for Sustainable Development supporting African and developing countries, proposed within the G7 Verona Process on Digital Development and the following Addis Ababa meetings[2]. The Hub shall foster multistakeholder collaborations, ensure the establishment of safe, secure, and trustworthy digital ecosystems, and advance the utilization of AI for Sustainable Development Goals (SDGs).

Debt Relief and Sustainable Financing

African countries often grapple with high levels of debt. The G7 should continue to explore innovative debt relief mechanisms and make sure that debt overhang does not hinder development. Additionally, the G7 shall encourage responsible lending practices and promote investment in critical sectors such as healthcare, education, and infrastructure.

[2] UNDP, 2024: The G7 Presidency partners with UNDP Africa to advance AI for sustainable development.

NAVIGATING AN UNCERTAIN GLOBAL LANDSCAPE

Despite rising geopolitical tensions, ongoing military conflicts, a pandemic, a series of overlapping economic shocks, and the effects of restrictive monetary policies in the last years, major economies have proven highly resilient, with global output having grown by 30% over the last ten years.

However, the long-term effects of the pandemic and the consequences of the war sparked by Russia in Ukraine have severely challenged global growth, whose prospects are now further threatened by the conflicts in the Middle East and the attacks on ships navigating the Red Sea, pushing up shipping costs and hindering vital commercial flows between Asia and Europe.

Geopolitical instability and rising protectionism affecting GVCs are making critical dependencies more acute, risks of shortages or interruptions in the global supply chain more significant, and could lead to fresh inflationary pressures just as financial markets have priced in interest rate cuts from major Central Banks in developed economies.

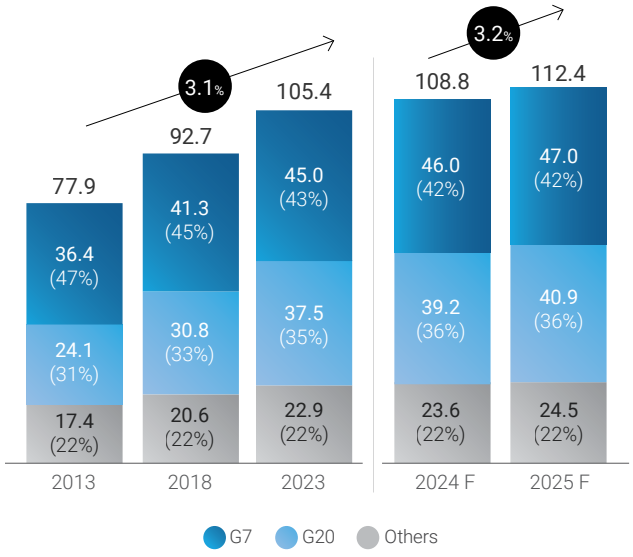
Inflation has been a major headwind to global growth since the beginning of 2022, with many major economies seeing their fastest rise in prices since the 1970s. Central Banks have acted rapidly by raising interest rates which has negatively impacted economic activity. Though inflation has fallen in the US, Eurozone, and the UK, and is expected to return closer to targets in 2024, opening the way for less restrictive monetary policies, interest rates are likely to remain higher than the pre-pandemic levels.

Public debt has surged in most of the G7 countries and attempts to reduce fiscal deficits may limit the scope for public investments to finance productivity-oriented measures and long-term welfare programs compounding the pressures of aging populations on social welfare systems in most developed economies.

Global growth in 2024 and 2025 is expected to stay in line with the last decade[3] when the G7 grew at a slower pace compared to the other G20 countries. While public intervention can be critical in times of economic turmoil, the business sector invites the G7 governments to ensure that it remains temporary, proportional and take into account the risk of creating market distortions.

Against this background, we urge the G7 to work closely with the private sector in coordinating investments to tackle incumbent challenges such as the resilience and security of GVCs, the transition to a more sustainable development model, the establishment of trusted free data flow ecosystems, an ethics-based and productivity-conducive use of AI, and modern and inclusive labor markets and welfare systems matching demographic trends with healthcare services and life sciences advancements.

Figure 4. GDP constant prices, $T[4]



[3] IMF, 2024: CAGR13-23: +3.1%; +3.2% '24F and +3.2% '25F; rates confirmed by recent OECD projections, with +3.1% '24F and +3.2% '25F.
[4] ISPI, 2024: Elaboration on IMF Data.

POLICY RECOMMENDATIONS

Leveraging structural reforms to foster long-term growth, resilience, and competitiveness

1 *(Owner: G7)* The G7 governments should closely coordinate growth-oriented fiscal policies by fostering the transformation of their development models, removing unjustified constraints and unnecessary burdens on business, and shoring up competitiveness by implementing key structural reforms, such as in the tax areas, in the labor market, and in the financial sector. Acting coordinately will improve the efficiency of resource allocation and accelerate G7 countries' growth potential by enhancing investments in human capital, technology, innovation, and infrastructures, stepping up the multiple transitions, pairing technological advancements, and reducing the competitiveness gaps.

Countering protectionism, and reconciling economic security with open markets

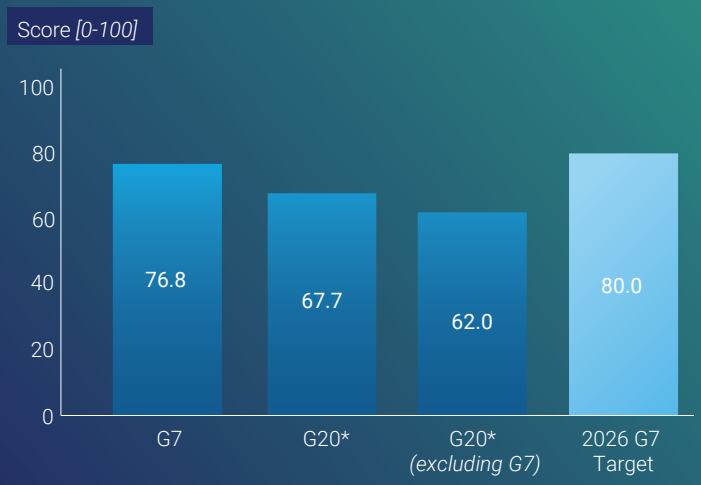
2 *(Owner: G7)* The business community is concerned with the increasing fragmentation of trade and investment flows. The negative effect of this trend affects GVCs ranging from the supply of energy, essential minerals, agricultural commodities and industrial raw materials to components and finished products. Furthermore, tariff and technical barriers, home nation-first approaches, cumbersome regulations on export controls and investment screenings, and limited access to the domestic public procurement markets severely disrupt GVCs while jeopardizing investments and reducing market predictability. We call on the G7 to firmly condemn the use by non-market economies of trade and investment as tools for economic coercion while enhancing cooperation among partners, allies, and like-minded countries.

KPIs

Recommended KPI: IMD World Competitiveness Ranking - G7 competitiveness.

The World Competitiveness Ranking is based on 336 competitiveness criteria selected as a result of a comprehensive research using economic literature, based on international and national sources.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
76.8	80	2026	IMD

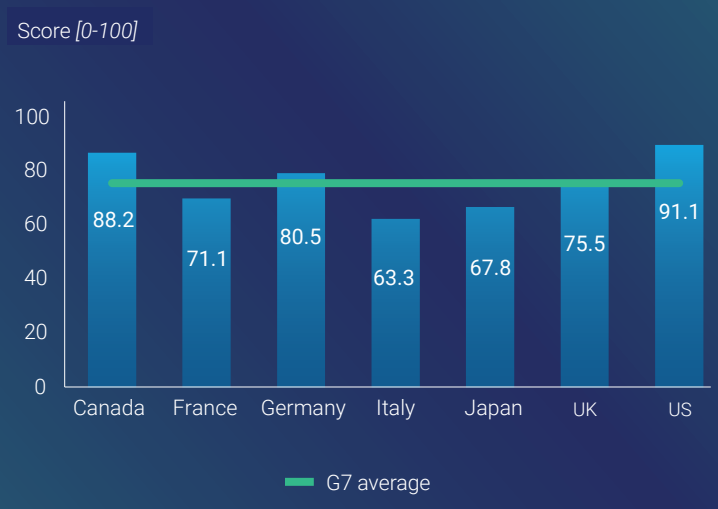


*Does not include Russia.

Recommended KPI: IMD World Competitiveness Ranking - Divergence in competitiveness amongst the G7.

The World Competitiveness Ranking is based on 336 competitiveness criteria selected as a result of comprehensive research using economic literature, based on international and national sources. The KPI quantifies the level of divide in competitiveness across G7 countries in terms of deviation from the G7 average.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
Standard Deviation**: 9.6	5	2030	IMD



** The target goal is to reduce the Standard Deviation by fostering a positive convergence of the Competitiveness Scores of the G7 countries. This should be achieved through a faster competitiveness growth of the less competitive countries.

MAXIMIZING THE BENEFITS OF ARTIFICIAL INTELLIGENCE

AI stands out as the main transformation catalyst of our era, holding tremendous potential for productivity, competitiveness, and growth. It also offers innovative tools to address pressing socio-economic and demographic challenges across industries and societies, multiplying opportunities for young generations, and positively impacting all priority areas of this Declaration and beyond.

However, there are associated risks, starting with possible misuse by autocratic regimes, cybercriminals, terroristic organizations, or other illiberal, anti-democratic entities or individuals.

AI can greatly help generate and safely process information by drawing inferences from data, improving production performances and business resilience, fostering GVCs' optimization, and turning industries into data-driven ecosystems, enabling the widest possible adoption of innovative digital technologies. It will contribute to the expansion of the labor market by responding to shortages in technical skills or a lack of technological awareness, boosting both customer experience and the demand for digital products and services, starting from key areas such as healthcare and energy efficiency.

While supporting the outcomes of the G7 Hiroshima Summit and of the Bletchley Declaration on AI safety, the B7 calls on the G7 to expand efforts to other fields to maximize public and private investments, including those in strategic areas such as environment protection, climate mitigation, social inclusion, global supply chains, and the data economy. The G7 should continue to collaborate on crafting policies on this emerging technology by prioritizing interoperability and AI governance to seize its potential and preventing regulatory divergence and excessive burdens on companies developing or adopting AI systems.

Figure 5. AI transforming industries and societies[5]

AI can effectively support efforts to address sustainable energy transitions by contributing to infrastructure planning, natural resource management, and energy demand forecasting. AI, coupled with its applications and with its mutually enabling technologies such as quantum computing, can strengthen ethics and inclusion in social and professional environments, as well as help extend access to existing and new jobs, sparking a wave of new entrepreneurial opportunities while reducing biases in corporate processes. AI is also a potential game-changing driver for research and development, provided that intellectual property rights are protected as well as the interests of all involved parties.

[5] WEF, 2023: AI market size is expected to reach USD 4,07 billion by 2027, [1] IDC, 2023. [2] WEF, 2023. Future of Jobs. [3] WEF, 2023. Beyond the status quo: How generative AI will transform industrial operations. [4] Gartner, 2023. Predicts 2023: AI's Profound impact on products and services.

The B7 stands ready to support governments as they work to capitalize on the opportunities presented by AI and to raise awareness of this technology while avoiding its potential downsides. This includes working together towards the establishment of a permanent G7-B7 dialogue and monitoring observatory.

AI SPOTLIGHT

Investments in digital infrastructures are a pre-condition for disseminating AI, catalyzing an essential boost for the competitiveness of enterprises. Infrastructural enhancements imply an increased capacity for advanced data processing and computational power, paramount for businesses to advance innovations and secure competitiveness. Infrastructural foundation unleashes the full potential of AI applications, generating new employment opportunities, improving healthcare and education, promoting inclusivity, and reducing digital divides within and among countries.

POLICY RECOMMENDATIONS

Increasing competitiveness and efficiency for industries through AI

1 *(Owner: G7)* Promote public-private partnerships to test cutting-edge applications while mitigating implementation and scaling risks and generating common practical use cases suitable for regulatory action. An adequate flow of funding from financial and capital markets is pivotal alongside targeted public incentives to support innovative startups and MSMEs to engage in research and development activities, run pilots to boost new business models, develop the necessary complementary technologies for AI, strengthen collaborations to widen the field of applications, and boost competitiveness.

2 *(Owner: OECD, G7, B7)* Expand the OECD AI Policy Observatory, gathering business, governmental bodies, and tech-skilled ecosystem players such as universities and research centers to enable and support policymakers in streamlining regulation for business-driven applications. The Observatory should also be used as a use cases repertory and knowledge-sharing platform, enabling closer regulatory alignment among OECD, G7 countries and beyond, as a hub promoting joint mapping of international standards and avenues of regulatory complementarity and convergence, and for advancing discussions on a possible AI transparency scheme.

3 *(Owner: B7, G7)* Facilitate robust synergies between AI and other enabling technologies, for example but not limited to, Cloud, Digital Twins, Extended Reality (XR), Blockchain and Cybersecurity, to maximize and extend benefits and enhance security.

Fostering the development of AI awareness and skills

4 *(Owner: G7)* Promote awareness among corporations, including MSMEs, and citizens and public bodies to foster a cultural paradigm shift surrounding AI that highlights its societal and economic benefits by delivering, through the media and the private sector, basic explanatory toolboxes for the use of AI-based services relying on media and major tech players.

5 *(Owner: G7, B7)* Enhance education in the field of AI by promoting graduate, postgraduate, and teacher-targeted programs and specific AI-micro-credentials to enhance individuals' employability, mitigate generational and skills gaps, and support business efforts in upskilling and reskilling employees.

Promoting a common, ethical, and inclusive AI policy framework

6 *(Owner: G7)* To reduce uncertainty and policy fragmentation, building on the Hiroshima Summit outcomes, the Bletchley Declaration, and the OECD AI Policy Observatory analysis[6], the G7 should support the OECD and the UN in aligning AI definitions and regulatory avenues addressing key issues such as trustworthiness, risk-based frameworks, harm, bias, interoperability, capacity building, security, and compliance with data privacy norms, to provide governments worldwide with shared guidelines for crafting legislations based on common standards, human rights-centered principles, and inclusive technology approaches.

7 *(Owner: G7, B7)* Establish a G7-B7 Joint Action Plan incentivizing the participation of AI-based companies to contribute to assess AI's impact on manufacturing and technology jobs, in terms of skills development for the roles that are most likely to be affected by AI, and define training recommendations for impacted jobs to be adopted voluntarily by the private sector.

[6] OECD AI list of resources, 2023: OECD.AI is a forum where countries and stakeholder groups join forces to shape trustworthy AI. In 2019, it facilitated the OECD AI Principles, the first intergovernmental standard on AI. These principles also served as the basis for the G20 AI Principles.

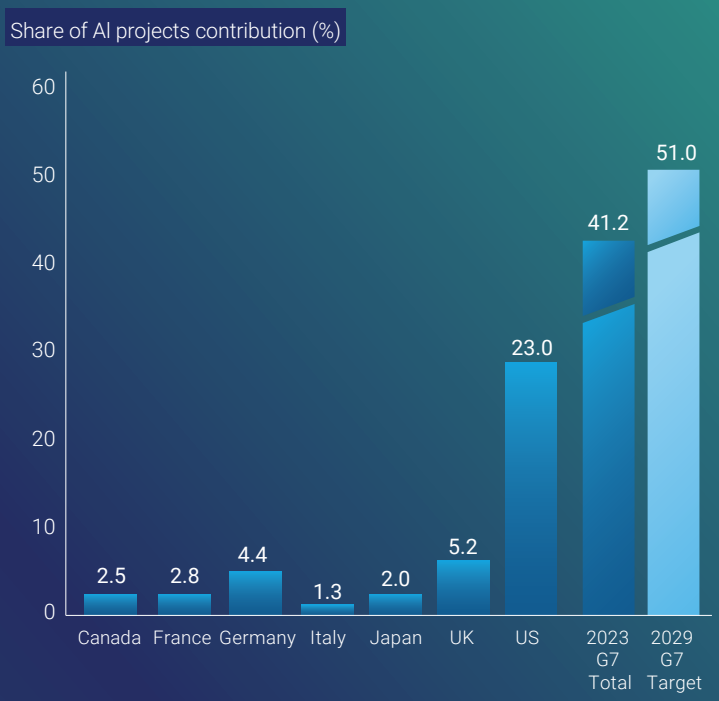
KPIs

Recommended KPI: G7 ranking in contributing to publicly available "very high impact"* AI projects.

The target indicator measures the number of AI projects (i.e., AI-related GitHub 'repositories') as a fractional count based on the share of contributions (i.e., 'commits') by country and over time. The KPI is the sum of the G7 countries.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
41.2% (Sum of G7)	51%	2029	OECD

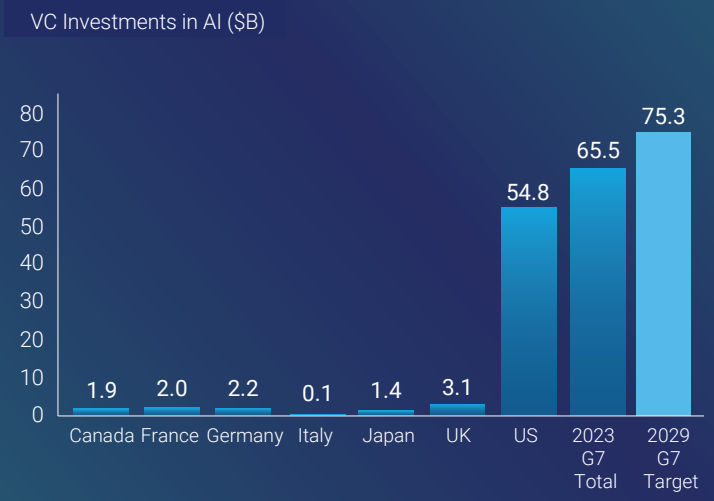
*Highest percentile in the ranking of publicly available projects, using GitHub's data as a proxy (online software development platform used to share codes, files and collaborate with fellow developers on open-source projects).



Recommended KPI: Venture Capital Investments in AI: (A) Increase in total investment in AI; (B) Decrease gap among G7 countries.

The target indicator measures the value of Venture Capital Investments in AI by country and over time. The targets are: (A) Increase in G7 countries' VC total investments by 2029; (B) Reduce gap US versus other G7 countries (per million inhabitants) by 2029.

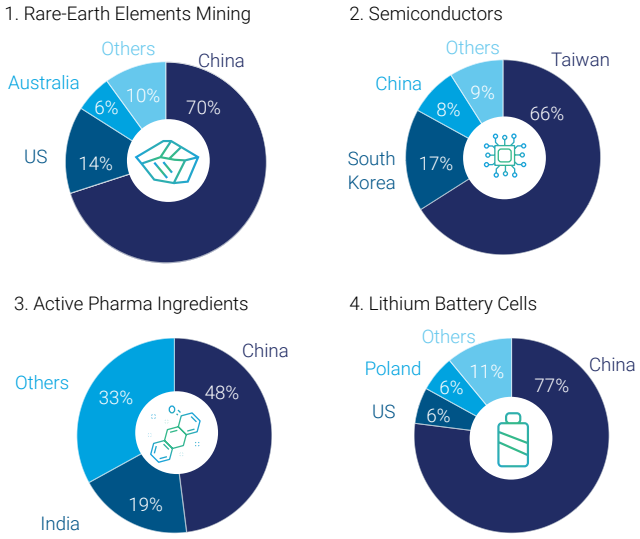
BASELINE *(2023)*	TARGET	YEAR	SOURCE
(A) $65.5 billion	+15%	2029	OECD
(B) $139 million per million inhabitants (gap US versus other G7)	Reduce gap by 50%		



ENHANCING GLOBAL TRADE AND GVCs' RESILIENCE

Since the pandemic, the supply of critical industries has experienced major shocks driven by supply-side disruptions coupled with a stimulus-fuelled spike in demand, contributing to inflation levels not seen since the '80s. Structural shortcomings amplified by the ongoing conflicts and the overall geopolitical instability exacerbate the vulnerability of GVCs, while food insecurity in low-income countries continues to severely affect their resilience.

Figure 6. Strategic Global Value Chains with critical exposures[7]



This situation is further challenged by the concentration of key minerals, raw materials, and components in a few extracting and producing countries, exposing G7 businesses to the risk of increased market volatility and protectionism. Addressing critical dependencies requires a multi-pronged approach.

This includes greater cooperation among G7 economies, substantial outreach to other like-minded countries, structured finance programs to overcome persisting difficulties related to funding schemes and in drawing on existing funds, as well as technological and know-how transfer-based partnerships with LDCs for increasing and converging investments to bolster strategic value chains.

In line with the *Principles on Resilient and Reliable Supply Chains* affirmed at the Hiroshima G7 Summit[8], diversification efforts in strategic GVCs should weigh the benefits of economic cooperation against economic security concerns, especially in key assets such as Rare-Earth Elements (REEs), energy commodities and technologies, and active pharmaceutical ingredients and intermediates.

The security of existing and prospective infrastructures and their ability to support LDCs, particularly in Africa, are paramount for spreading the benefits associated with the energy, environmental and digital transitions and for leading the way to a more inclusive and sustainable development. The G7 should agree on clear timeframes for the commitments undertaken within the PGII and the B3W initiatives, streamline their processes, and deliver effective public-private investment schemes to boost domestic infrastructure projects while crafting investment screening mechanisms to enhance coordination, favor industry collaborations, and reduce regulatory costs and burdens. A trustworthy interoperable platform that facilitates early cross-border payments, such as LEI[9], would favor MSMEs accessing new markets and support their participation in GVCs.

[7] [1] United States Geological Survey, 2023: Mineral Commodity Summaries: Rare Earths 2023; [2] Morningstar, 2022: 6 High-Quality, Undervalued Semiconductor Stocks; [3] Chemical Pharmaceutical Association, 2021: Global API Market: Crunching the Numbers; [4] BloombergNEF, 2022: China's Battery Supply Chain Tops BNEF Ranking for Third Consecutive Time, with Canada a Close Second.
[8] G7 Hiroshima Summit, 2023: G7 Leaders' Statement on Economic Resilience and Economic Security.
[9] Legal Entity Identifier, created and managed by the GLEIF (Global Legal Entity Identifier Foundation).

The B7 reaffirms its strong commitment to a rules-based global trading system and cautions against protectionism[10]. We call on G7 countries to adhere to national treatment principles and promote them among partners committed to free trade. Also, we urge G7 countries to act in coordination to prevent and counter distortive public subsidies.

The B7 is a long-standing firm supporter of a rules-based multilateral trade system and of the WTO. Regrettably, the 13th WTO Ministerial Conference concluded on 2nd of March 2024 in Abu Dhabi failed to overcome the divergences on the most controversial files and to break new ground for reforming the Organization's decision-making processes, rulebook, and negotiating functions. The B7 stands for a renewed commitment to revamping the credibility of the Organization, reiterates the request for comprehensive reform, and calls on the G7 countries to agree on a pragmatic roadmap and to reach out to other WTO members for its earliest implementation.

The costs of a failed WTO

The WTO suffers significant shortcomings, but it remains of essential importance to business. No viable alternative is conceivable. Even if the GATT 1947 *regula aurea* of the Most Favored Nation were to survive the demise of the WTO, in the extreme and undesirable event of failure of the next Ministerial Conference coupled with a widespread return to unilateralism, a large part of the benefits obtained from 1995 would vanish inflicting incalculable direct and indirect costs on businesses, workers, and consumers.

Important Agreements and Joint Initiatives like those on Fisheries Subsidies, Domestic Services Regulation, Electronic Commerce, Investment Facilitation for Development, and MSMEs could lapse, nullifying decade-long efforts to make the multilateral trade and investment ecosystem fairer, more efficient, equitable, and sustainable.

Similarly, the effects of the Trade Facilitation Agreement (TFA) could cease. The TFA is the most prominent multilateral achievement of the WTO allowing for frictionless customs procedures, overcoming mistrust among operators, supporting the effective enforcement of best customs practices, and setting the framework for key customs simplifications including those for Trusted Operators.

In Abu Dhabi, an interim solution was adopted to extend the Moratorium on Electronic Transmissions until the next WTO Ministerial Conference, or by 31st of March 2026. The B7 reiterates its requests to render it finally permanent and warns of the high costs of failing to reach an agreement.

Noting that the G7 Digital Trade Principles state that *"[e]lectronic Transmissions – including the transmitted content – should be free of customs duties, in accordance with the WTO Moratorium on Customs Duties on Electronic Transmissions"*[11], its expiration would represent an historic setback. This multilateral agreement has permitted the digital economy to develop and spread its benefits to all businesses across the globe by supporting supply chains' resilience for manufacturing and services which rely on the constant flow of research, design, and process data and on software for their production.

As reported by the OECD *"[t]he overall revenue implications of the Moratorium are small..., [t]ariffs on electronic transmissions would hit low-income country trade the most... Smaller and women-owned firms could be most impacted..."*[12].

AI SPOTLIGHT

AI has the potential to reshape the global competitive landscape. As such, the G7 should lead innovation and maintain its leadership in the global economy. AI can reduce uncertainties and improve efficiency along GVCs by streamlining existing data, providing predictive analytics to guarantee seamless operations, supporting the integration of IT systems and by reducing costs and cumulative administrative burdens of customs checks and operations. Moreover, AI-powered cybersecurity tools can play a crucial role in safeguarding digital assets and protecting sensitive information improving the overall security of the GVCs.

[10] IMF, 2024: The tensions are fragmenting the global economy along geopolitical lines—around 3,000 trade-restricting measures were imposed in 2023, nearly three times the number in 2019.
[11] G7 Trade Ministers, 2021: G7 Trade Ministers' Digital Trade Principles.
[12] OECD, 2023: Understanding the potential scope, definition and impact of the WTO e-commerce Moratorium.

POLICY RECOMMENDATIONS

Reconciling economic security and liberalization to unleash the inclusive potential of GVCs

1 *(Owner: G7)* Define a common framework and principles amongst G7 and like-minded countries to address critical dependencies through converging policies and coordinated actions to increase resilience and sustainability of GVCs.

2 *(Owner: G7)* Limit the scope of trade and investment regulations for economic security purposes under the concept of "small yard, high fence", streamline and coordinate export controls to enhance their efficacy and reduce compliance costs and burdens through enhanced collaboration, increased digitalization in screening processes, and faster and more business-friendly authorization procedures, which would be particularly beneficial to MSMEs.

3 *(Owner: G7)* Promote policies framework to facilitate debt and equity markets access for MSMEs to expand their international operations, leveraging a trusted and interoperable early payment platform (LEI).

4 *(Owner: G7)* Enhance partnerships with and investments in LDCs to diversify their commerce, foster their industrial capacity, by strengthening their domestic value chains, and share advanced technological solutions favoring their transition to less-carbon-intensive processes.

5 *(Owner: G7)* Agree on common frameworks to predict supply chain disruptions, increase preparedness for future emergencies and reinforce the security of critical infrastructure including healthcare, energy grids, digital and connectivity networks, and food security.

Preserving and promoting fair and free trade at the global level

6 *(Owner: G7, OECD)* Pursue a level playing field by eliminating existing trade and investment barriers and refraining from adopting new ones.

7 *(Owner: G7, B20, WTO)* Reach out to the B20 and the other WTO members for a sound reform of the WTO in defense of a rules-based multilateral trading system.

8 *(Owner: G7, WTO)* Advance bilateral, plurilateral and multilateral negotiations that address the competitive neutrality of industrial subsidies and the role of State-Owned Enterprises by taking advantage of the most recent analysis of the OECD[13].

9 *(Owner: G7, WTO).* Make the Moratorium on Custom Duties and Electronic Transmissions permanent.

Supporting Foreign Direct Investments

10 *(Owner: G7)* Review screening mechanisms to contain governments' intervention across jurisdictions and reduce administrative costs and burdens for businesses.

11 *(Owner: G7)* Enforce the commitments taken under the PGII and the B3W[14].

12 *(Owner: G7)* Enhance the ability of the financial system to mobilize private savings and sustain corporate investment by promoting a stable set of rules that reduces fragmentation across capital markets.

[13] OECD, 2023: Recommendation of the Council on OECD Legal Instruments Guidelines on Corporate Governance of State-Owned Enterprises.

[14] [1] G7 Germany – G7 Leader's Statement, 2022: G7 Germany Final Communiqué 2022. The B3W initiative was announced by the G7 on the 12th of June 2021 and successively relaunched and renamed as the PGII within the G7 German Presidency. [2] Ministry of Foreign Affairs of Japan, 2023: Factsheet on the G7 PGII. On the occasion of the 2023 G7 Summit in Japan, a side event on the PGII was held and a Factsheet on the G7 PGII was issued. The initiative pledged USD 600 billion by 2027, yet most committed funds are still to be deployed, leaving LDCs vulnerable.

KPIs

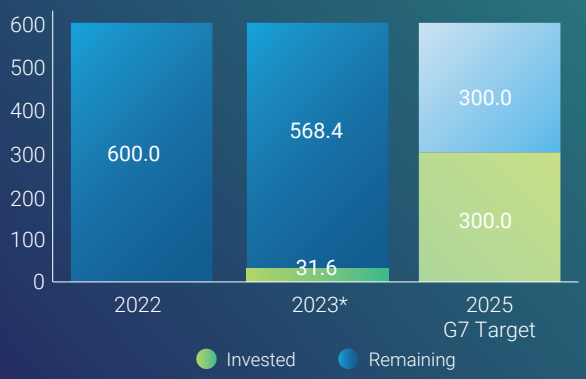
Recommended KPI: Funds invested by the Partnership for Global Infrastructure and Investment (PGII).

Investments in LDCs are crucial to support the green and digital transitions. The deployment of funds needs to be ramped up in order to achieve full allocation by 2027, targeting at least 50% of pledged funds to be invested by 2025.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
5.3%	50%	2025	G7 Governments (CAN, EU, JPN, UK, US)

* Only 5.3% of total pledged funds have been invested (primarily by the US).

Funds pledged and invested by the PGII ($B)

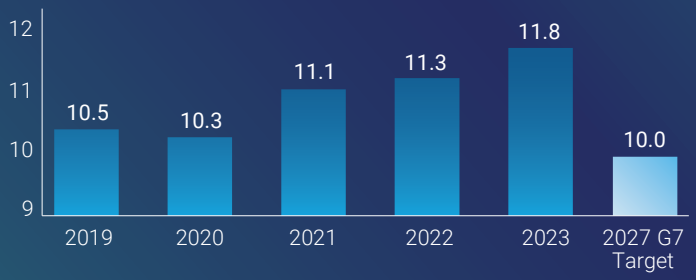


Recommended KPI: Share of G20 imports impacted by restrictive measures.

75% of the share of global trade is represented by G20 countries. We propose that the G7 collectively commit to a 1.8% reduction in the share of global trade affected by restrictive measures.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
11.8%	10%	2027	OCSE

Share of G20 imports impacted by restrictive measures (%)



TACKLING ENERGY, ENVIRONMENTAL, AND CLIMATE CHALLENGES

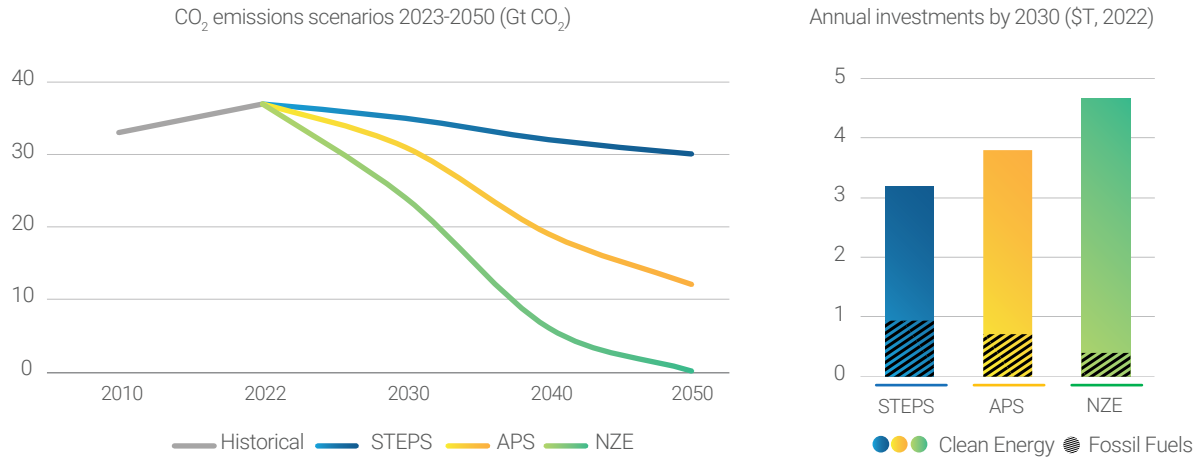
The path towards a sustainable future depends on the ability of the G7 and the international community to balance environmental concerns with the increasing global energy demand in a fast-evolving scenario. Building upon the results of the Dubai COP28, the G7 must champion commitments to triple the world's renewable energy capacity and double energy efficiency gains by 2030. The reduction of GHG emissions (including methane fugitive emissions as one of the most effective near-term measures to limit global warming)[15], the transition away from fossil fuels, and the widespread adoption of renewable energy sources and nuclear energy, must twin with targeted and coordinated industrial policies acknowledging various pathways according to each country's situation and with renewed efforts to enhance energy efficiency and the circular economy[16].

Ensuring energy security and energy affordable prices is key to pursuing sustainability goals while preserving the competitiveness of industries[17].

The overall action must be imprinted to the widest comprehensive technological neutrality with convergent taxonomies encompassing all available technologies that can support the multiple transitions, based on their capability to meet energy demand, their maturity, and scalability. G7 nations must further support the work done by the International Sustainability Standards Board (ISSB) to ensure international taxonomies' interoperability.

Coordinated industrial policies and targeted public and private investments are the *conditio sine qua non* to transform the way energy is produced, stored, transmitted, distributed, and used, to generate more renewable and low-carbon energy, and to make infrastructure networks more resilient and interconnected.

Figure 7. CO_2 emissions scenarios 2023-2050 and annual investments by 2030[18]



[15] Through the Global Methane Pledge, the G7 countries have committed to abating methane emissions to near-zero and to zero the routine flaring from the energy sector no later than 2030.
[16] Including *inter alia* the provisions of the Osaka G20 Report on actions against Marine Plastic Litter.
[17] Including, but not limited to, core manufacturing sectors, green technologies manufacturing, energy production, refining and transportation.
[18] IEA World Energy Outlook, 2023: NZE: Net Zero Emission; APS: Announced Pledges Scenario; STEPS: Stated Policies Scenario.

In addition, based on the Circular Economy and Resource Efficiency Principles (CEREP) agreed at the G7 Sapporo Ministerial Meeting on Climate, Energy, and the Environment, it is vital to continue the public-private dialogue and further promote efforts to address the circular economy. Moreover, it is important to foster nature-positive solutions such as ecosystem restoration and conservation initiatives, biodiversity, and land protection, as effective measures in addressing climate change adaptation[19] and contributing to sustainable development.

Huge investments are needed to feed the transitions to deploy the energy supply of zero and low-carbon energy solutions, and the transformation of energy demand, still reliant on fossil fuels. Dedicated funding, financial instruments, and capital markets should target projects and initiatives prompting both mature and transitional technologies and processes to deploy their full potential and de-risk current and planned private decarbonization investments. Furthermore, investments in digitalizing and modernizing transport and distribution networks need to be stepped up to enable rapid clean energy transitions[20].

The net zero transition entails intrinsic risks for LDCs. Failing to adequately support them would further slowdown the achievements of global climate goals. The G7 must act inclusively to avoid that access to technological advances remains limited to developed economies, widening the gap[21]. To ensure an equitable transition and increase the security and resilience of the supply chains, the G7 should leverage national and multilateral development banks to expand blended finance instruments, operationalize Loss and Damage Mechanism, and encourage collaboration and voluntary technology transfers, all while safeguarding intellectual and industrial property rights.

AI SPOTLIGHT

AI will play a crucial role in addressing environment and climate challenges and navigating an energy transition, featuring highly interconnected and distributed energy systems, with a wide range of technologies. AI-driven predictive maintenance and infrastructure planning can optimize resource allocation and management, enhance performances, mitigate risks, empower more effective monitoring of environmental phenomena, and achieve flexible energy demand response practices. Hence the importance of aligning the sustainability policies and digital transition agendas in achieving sustainable goals.

[19] COP28, 2023, Joint Statement on Climate, Nature and People.
[20] IEA, 2023: In order to meet climate targets, grid investment needs to be nearly doubled by 2030, to over USD 600 billion per year.
[21] United Nations Environment Program, Adaptation Gap Report 2023: Estimated adaptation costs and needs for developing countries are significantly higher than previous estimates, with a plausible central range from USD 215 billion to USD 387 billion per year this decade, which highlights a significantly growing gap with respect to current finance flows (USD 21.3 billion).

POLICY RECOMMENDATIONS

Harmonizing industrial policy frameworks

1 *(Owner: G7)* Promote converging industrial policies and regulatory frameworks in support of the widest spectrum of technologies and processes is the pre-condition for any G7 strategy to be successful. Preserving industry resilience in the long-term implies investments in sustainable and low-carbon technologies, including those not competitive yet, as well as enabling access to affordable energy prices in the transition phase, thus ensuring energy security and the competitiveness of both the industrial sector and national economies. In this framework, the B7 suggests focusing on the following actions:

a. Enhance the security and diversification in the supply of more cost-efficient transitionary energy sources and carriers (e.g., Liquified Natural Gas) through the optimization and repurposing of existing facilities and the development of new infrastructures.

b. Support research and development initiatives on new and/or immature technologies including, among others, next-generation nuclear reactors, electrical storage, floating wind, and solar, and nuclear fusion, by funding projects ranging from scale-up to commercialization.

c. Raise multilateral investment funds to foster G7 green technology value chains, particularly those aimed at overcoming structural gaps with international suppliers. Areas include, but are not limited to, manufacturing of storage batteries (e.g., critical raw materials), grid components, advanced components for wind turbines, silicon processing and production of advanced photovoltaic technologies.

d. Align national incentives to reduce the cost of less competitive sustainable and low-carbon energy carriers and to scale-up mature technologies that still need acceleration to match the global and regional climate change commitments with the aim of sustaining the transition in hard-to-abate industrial sectors, buildings, and transport, through renewable electrification, end-use integration and deployment of low-carbon/neutral fuels (e.g., e-fuels; unblended biofuels), Carbon Capture Usage and Storage (CCUS), clean hydrogen and ammonia, to meet energy demand with affordable energy prices.

Enabling private investments to accelerate the multiple transitions

2 *(Owner: G7)* Increase public financing and results-based funds mechanisms, *inter alia*, in: i) upgrading industrial plants' energy efficiency, ii) facilities' reconversions to meet net zero/low-carbon energy transition, iii) building recycling facilities' with a focus on critical and strategic raw materials, and iv) enhancing and building new smart transmission and distribution infrastructure, also through regulatory schemes designed to improve resilience and climate change adaptation.

3 *(Owner: G7)* Adopt clear, consistent, and business-friendly regulatory frameworks in G7 countries minimizing administrative costs, the duration of permitting procedures, bureaucratic burdens and red tape that hinder the fast assessment, approval, financing and implementation of projects and initiatives contributing to the transitions.

4 *(Owner: G7)* Establish a permanent G7 task force in charge of seeking convergence in straightforward taxonomies, leveraging a science-led, technology-neutral approach based on life-cycle emissions, and mutually recognized labeling. This would ensure international interoperability and avoid fragmentation among G7 countries, while enhancing market integrity and transparency and stimulating investments and sustainable finance in low-carbon and circular economy technologies.

5 *(Owner: G7)* Promote public-private partnerships to facilitate co-investments in sustainable infrastructures, thus ensuring access to new capital to finance the energy transition, encouraging private sector investments, and reducing the burden on public finances.

6 *(Owner: G7)* Smooth the existing discrepancies in nation-wide carbon market frameworks and carbon pricing mechanisms to prevent disruptions and imbalances among G7 countries and beyond. In the implementation of any border taxation mechanism, priority should be given to assuring reciprocity and mutual recognition of carbon allowances in the G7 countries.

Also, support the implementation of the Art. 6 of the Paris Agreement by promoting voluntary cooperation beyond the G7 to accelerate emission reduction.

7 *(Owner: G7)* Continue efforts to reduce methane emissions from natural gas as a suitable near-term measure to abate GHGs while ensuring energy security, promoting coordinated initiatives with partner countries and companies, as well as supporting the development of robust regulatory frameworks.

Supporting just transitions for all

8 *(Owner: G7)* Promote initiatives that maximize the access of LDCs to zero and low-carbon technologies to reduce energy poverty, enhancing access to inclusive, affordable, and clean energy (e.g., biofuels in the existing vehicle fleet to boost immediately and efficiently the decarbonization of the transport sector; a wider access to electric energy; development of green and low-carbon infrastructure; adoption of more advanced cooking solutions).

9 *(Owner: G7)* Enable broad technology transfer to LDCs, preserving intellectual and industrial property rights, to fill the existing gap and upgrade the roadmaps towards 2050.

10 *(Owner: G7)* Address in a coordinated manner the impact of climate change by working with international partners and institutions, including national and multilateral development banks, to increase the adaptation finance while operationalizing the Loss and Damage Mechanism for LDCs.

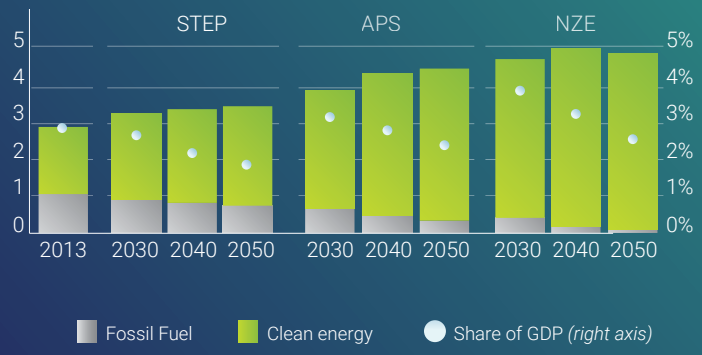
KPIs

Recommended KPI: Investments in Clean Technologies by G7 countries in the Net Zero Emission (NZE) scenario.

The contribution of G7 countries in realizing investments in clean technology is crucial to achieve NZE decarbonization targets as well as to facilitate and accelerate the energy transition in other countries, stimulating innovation, preserving competitiveness of businesses and increasing energy security.

BASELINE *(2023)*	TARGET	YEAR	SOURCE
G7 Investments 2023*	+140%	2030	IEA*

Global Energy Investments ($T)



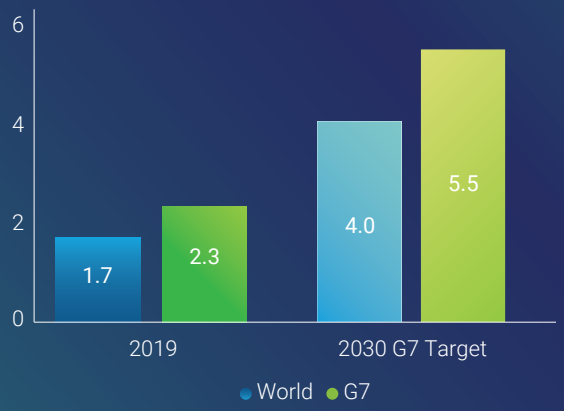
* The IEA should be requested to develop and publish disaggregated data at individual G7 country level (similar requests have been addressed to the IEA by previous G7 cycles).

Recommended KPI: Energy efficiency improvements.

Energy efficiency delivers the second largest contribution to bringing down CO2 emissions in NZE Scenario. While G7 countries have already made progress toward fulfilling the COP28 pledge, it remains crucial to double their efforts in enhancing energy efficiency to achieve a 4% annual improvement at global level.

BASELINE *(2019)*	TARGET	YEAR	SOURCE
2.3%**	5.5%	2030	SEforALL/UN

G7 Energy Intensity improvements (%, SDG 7.3)



** The latest available data pertains to 2020 but, as affected by Covid, 2019 was chosen as reference year. The SEforALL should be requested to develop and publish updated data.

EMBRACING THE DATA ECONOMY AND DIGITAL TECHNOLOGIES

The data economy is a key enabler of all industry sectors and transactions, but existing cross-border data flow frameworks remain fragmented, increasing costs and uncertainty for businesses, especially for MSMEs.

DFFT is the most relevant initiative endorsed by the G7, and the IAP aims at involving stakeholders in the development of joint projects to foster trusted access to information, including public and open data, support data verification mechanisms, and address critical issues such as data flow restrictions related to privacy, cybersecurity, and intellectual property. A wider use of the LEI platform to process digital documentation would foster counterparty identification and interoperability.

Connectivity technologies (e.g., 6G) and a consistent approach to their adoption among the G7, particularly in terms of interoperability, policies, and new infrastructures, can help scale the data economy, enable new data-based use cases, and facilitate the adoption of next-generation technologies.

G7 governments should support the development of international, coherent and interoperable technical standards, as well as the investments in connectivity infrastructures and in research cooperation initiatives for future mobile connectivity technologies.

To enhance private and public participation in the digital economy and advance inclusivity, the G7 must promote complementary drivers such as digital skills, secure and trusted digital infrastructures, and public data access. Embracing Application Programming Interfaces (APIs) across the public sector technology stack would provide businesses with innovative tools and citizens with more efficient services, notably in relevant and sensitive sectors, such as healthcare. Finally, the G7 should also support the development of quantum computing.

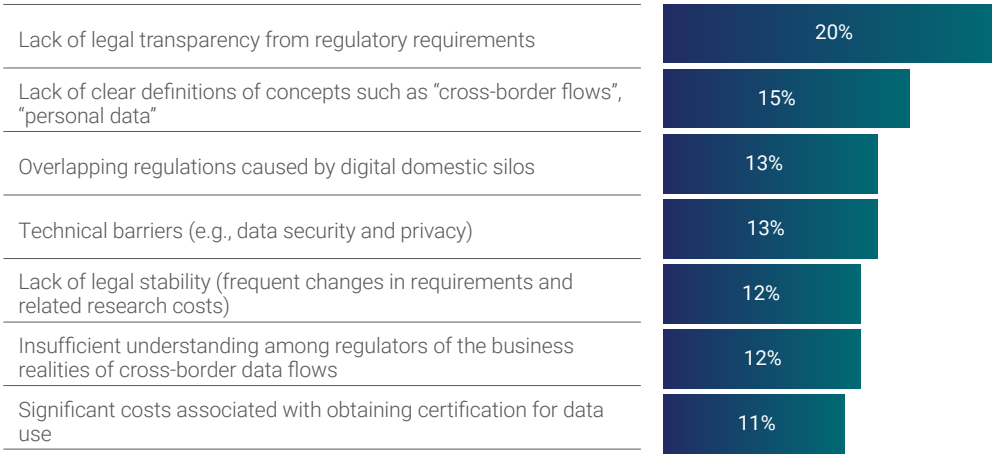
Expanding trusted digital infrastructures will improve geographical connectivity and inclusion, reduce the digital divide, and boost individuals' digital maturity.

Figure 8. Major challenges MSMEs face with regard to cross-border data flows[22]

Focus on MSMEs

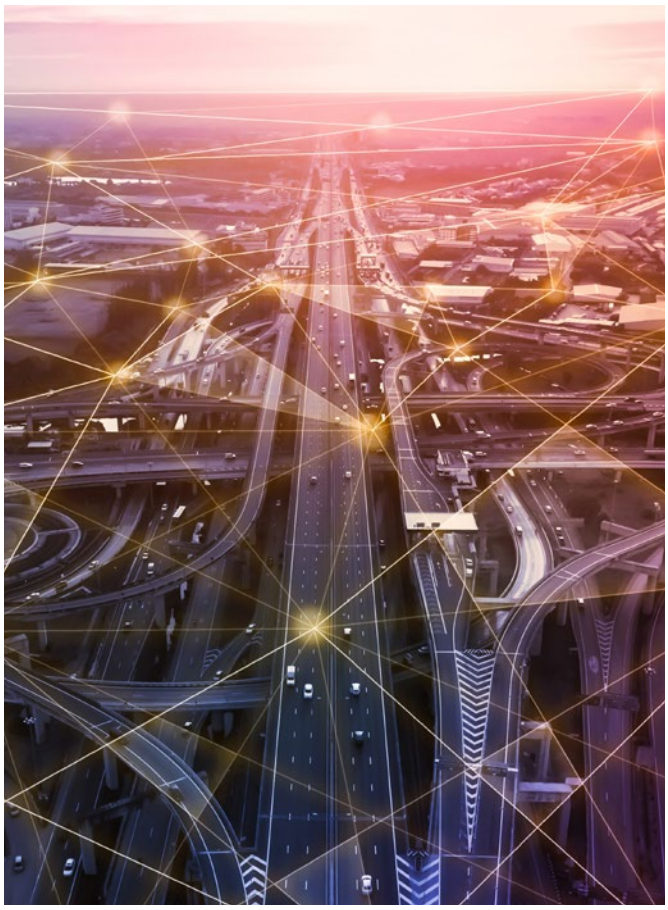
MSMEs are significantly **impacted** when compared to multinationals, due to higher strains in facing **costs of changing regulation** and legal requirements, alongside the affordability of **in-house competencies** and skills

Major challenges MSMEs face with regard to cross-border data flows



[22] WEF, 2023: From Fragmentation to Coordination.

While the role of STEM competencies is crucial[23], particularly for women, spreading general digital skills among all workers[24], teachers, and students is paramount to meet labor market needs, and can boost economic and entrepreneurial growth, especially in light of the opportunities and disruptions that will be brought about by AI.



AI SPOTLIGHT

In the era of the data economy, by harnessing the power of vast data resources including corporate and public data, AI can significantly contribute to the creation of new digital products and services and to the optimization of existing ones, as well as the streamlining of processes. This evolution will be increasingly beneficial with the diffusion of appropriate infrastructures, skills, and cross-border data flows through DFFT.

[23] OECD, 2023: Skills. Today, only 15.3% of primary and secondary school students excel in STEM skills, and only 23.4% graduate in these subjects.
[24] OECD, 2021: Jobs. Companies are already aware of this lack of skills and of the consequences that it will have on businesses: 47% have changed their skilling strategy by adding analytical thinking as a priority element. The same has been done with regards to creative thinking (43%) and AI & Big Data (42%).

POLICY RECOMMENDATIONS

Reducing regulatory fragmentation and promoting cross-border data flows

1 *(Owner: G7)* Bring the DFFT initiative into force by implementing the IAP, promoting public-private partnerships to shape regulations, incentivizing know-how transfer initiatives, incorporating multilateral stakeholder contributions, and favoring the implementation of the OECD Declaration on Government Access to Personal Data Held by Private Sector Entities.

2 *(Owner: G7, B7)* Establish a permanent consultation with industry for the development of a G7 framework for digital trust using evidence-based criteria and risk-based standards to establish trustworthiness between governments and industry partners. This includes developing shared principles for trusted digital infrastructure such as cloud computing, facilitating trust-based cross-border data flows, and promoting interoperable data governance systems to increase transparency and accountability of data flows, while promoting business-clear regulations.

3 *(Owner: G7)* Prioritize shared approaches and incentives to favor trusted access to information, privacy, cybersecurity (including cybersecurity governance, cryptography), intellectual property, and interoperability.

Incentivizing digital literacy

4 *(Owner: G7)* Promote STEM skills by providing incentives to tertiary STEM pathways and graduates, boosting STEM-based educational courses, incentivizing the participation of women in technical-scientific paths, and awarding encouraging tech and digital-intensive companies to offer curricular and non-curricular internships and other opportunities.

5 *(Owner: G7)* Promote the diffusion of general digital skills, their awareness in society, and creativity at all levels among students, workers, the unemployed, NEETs[25], and the elder population for inclusive participation in the digital economy through education and other dedicated government policies.

Upgrading digital infrastructures and enhancing cybersecurity

6 *(Owner: G7, B7)* Promote cyber-resilience across organizations through targeted training to enhance the cybersecurity level of commercial enterprises, government agencies, and citizens. The G7 governments should help businesses – especially MSMEs – adopt cyber risk mitigation measures that will provide a risk-adequate level of resilience. Additionally, promote research on post-quantum cryptography to ensure the security and reliability of digital technologies.

7 *(Owner: G7)* Support the renewal of key sectors' infrastructures and incentivize the use of digital tools to foster the digital maturity and competitiveness of individuals and businesses – especially MSMEs – by spreading the use of Digital Identity for G2B, G2C, B2B, and B2C transactions, and by creating or renewing IT infrastructure in rural areas.

8 *(Owner: G7)* Prioritize and accelerate an ambitious connectivity agenda as a key enabler of digitalization and the data economy, driving the deployment and take-up of advanced connectivity technologies.

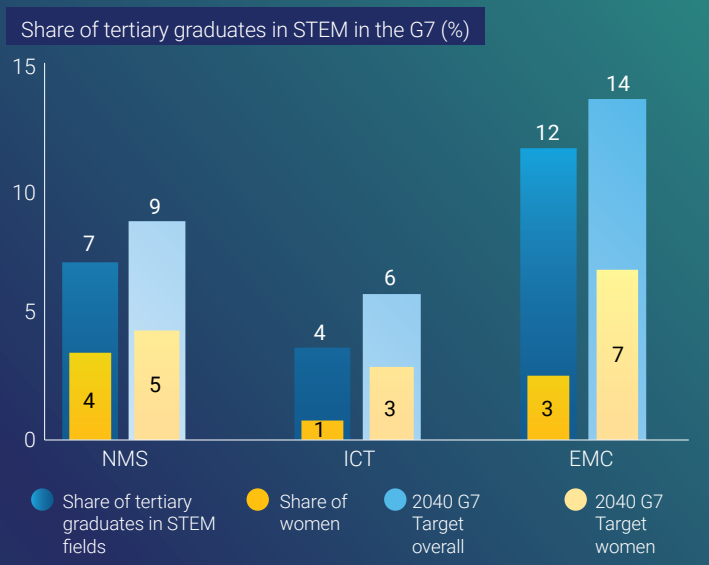
9 *(Owner: G7)* Incentivize the development of a common G7 quantum computing ecosystem by fostering and coordinating national quantum strategies on research, investment, and deployment across sectors.

[25] Not in education, employment, or training.

KPIs

Recommended KPI: Share of graduates in STEM among new tertiary graduates, and share of women among all tertiary graduates in STEM in the G7.

Spreading STEM skills is critical for fast adaptation to labor market needs and to bolster economic and entrepreneurial growth. STEM has been divided into three subcategories: NMS, ICT, EMC*.



	BASELINE *(2021)*			TARGET			YEAR	SOURCE
	NMS	ICTs	EMC	NMS	ICTs	EMC		
Overall	7%	4%	12%	9%	6%	14%	2040	OECD
Women	49%	21%	22%	50%			2040	OECD

* NMS (Natural Sciences, Mathematics and Statistics)
ICT (Information and Communication Technologies)
EMC (Engineering, Manufacturing and Construction)

Recommended KPI: Share of adults proficient at problem solving in technology-rich environments.

This indicator measures the share of adults achieving the highest levels in problem solving in technology-rich environments: it provides a measure of adults' ability to use digital technologies, communication tools and networks to acquire and evaluate information, communicate with others, and perform practical tasks.

BASELINE *(2012)*	TARGET	YEAR	SOURCE
~35%	60%	2029	OECD

Last available data from 2012. The B7 strongly recommends the OECD to update this index to allow the continuous monitoring of this relevant metric over time.

UNLEASHING TALENTS' POTENTIAL AND ENHANCING THE RESILIENCE OF WELFARE SYSTEMS

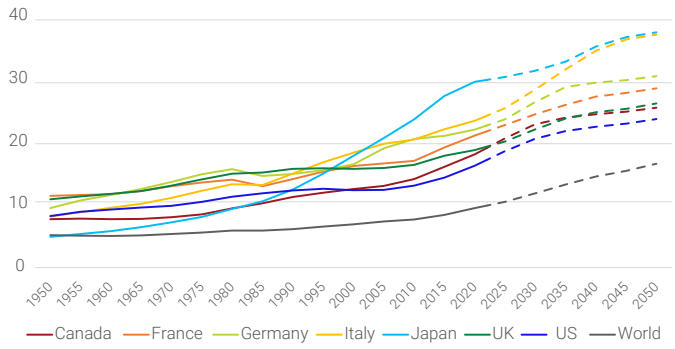
Multiple transitions are reshaping societies and economies worldwide offering unprecedented growth opportunities. However, the G7 countries face pressing challenges including an aging population, skills mismatch, gender gap, and untapped work potential, particularly among underrepresented groups, minorities, and most vulnerable categories, undermining the labor market. The growing skill mismatch stands as a barrier to progress and change, hindering organizations' performance and overall competitiveness. Educational and training systems are struggling to reconcile the divide, notably in STEM fields, where female representation accounts for only 32% in OECD countries. At the same time, the rise of new technologies and trends has resulted in a relevant knowledge gap on the side of educators entrusted with the responsibility of delivering renewed learning experiences.

By 2027, 6 in 10 workers will require upskilling, reskilling, and continuous learning[26]. A flexible approach to lifelong learning, tailored to individuals' needs and embracing diverse learning modalities is key to facilitating upskilling and reskilling processes. Workers will also be called to autonomously update their skills to maximize employability and job security in a rapidly evolving market. It is also important to look at incentives for employers to invest in providing training to their workforce. Despite the increasing number of women at work, their average percentage still trails behind men by 30% globally and 10% in G7 countries. Furthermore, they continue to bear the overwhelming burden of unpaid care responsibilities while a wide gender gap persists in entrepreneurial activities and in medium and high-level administrative and managerial positions. In addition, youth unemployment remains high, with a non-trivial number of NEETs. Finally, relevant training aimed at developing business acumen and enabling entrepreneurial skills to start ventures, innovate, or foster a business-oriented mindset within larger organizations, is still lagging.

Cross-border mobility of skilled workers could play a critical role in addressing labor shortages, but it is severely hindered by several barriers, including the transferability of skills and qualifications across geographies. Ensuring equal access to education and learning should be treated as a top priority by G7 countries.

To this end, the growing adoption of technology can propel inclusiveness by overcoming barriers, both physical and organizational, while digital learning can increase accessibility to learning environments and assist educators in optimizing their time and overall efficacy.

Figure 9. Percentage of the total population in the 65+ age group (1950-2050)[27]



[26] WEF, 2023: Future of Jobs.
[27] United Nations, 2022: World Population Prospects - Population Division - United Nations.

Dynamics in G7 countries' demography are exacerbating these concerns while presenting substantial challenges to the sustainability of welfare systems[28] and impacting key social needs such as education and healthcare.
In this context, data, digital technologies, and AI can substantially improve the resilience of welfare systems and their ability to predict, respond, recover, and adapt their functioning and services. Therefore, investments in healthcare and life sciences are to be considered public key assets to welfare systems and to societies at large in all G7 countries in multiple ways: as primary incubators for research and innovation; powerful vectors of breakthrough discoveries, innovative processes and edge products; effective and capillary resilience-fortifiers and wealth, economic growth and social well-being improvers and multipliers.

AI SPOTLIGHT

The case of healthcare and life sciences

AI can play a critical role and offer great opportunities to enhance healthcare systems by monitoring global health trends, identifying outbreaks and potential epidemics, while real-time data analysis and early detection drive public health responses, saving lives and preventing widespread transmission. AI models optimize public spending, reduce wait times and ease health workforces' administrative burdens with chatbots and virtual assistants handling routine inquiries. AI applications can be game changers in life sciences' research and innovation, and patient care: patients benefit from an accelerated drug development process; healthcare operators obtain evidence-based recommendations; clinicians make more informed decisions while genomic insights drive targeted interventions. The use of AI-driven solutions can support all operators in minimizing the time spent on non-clinical operative tasks and to focus on patient care. Additionally, researchers can benefit from AI algorithms that analyze vast amounts of medical data, including images, genomic sequences, and patient records. In this context, interoperability and real data are key enablers to deploy the full potential of AI in the healthcare sector.

[28] OECD, 2023: Population aging and government revenue, OECD countries will face a 6.5% increase in net expenditure on pensions, public health, long-term care, and other welfare components by 2060.

POLICY RECOMMENDATIONS

Enhancing access to education and addressing employment gaps

1 *(Owner: G7)* Reform the educational systems to develop, in close collaboration with the private sector, specialized training programs to align with the emerging job market requirements, by introducing specific courses at every educational level to equip the younger generation with up-to-date skills and knowledge in emerging technologies and trends. The reform should encourage the development of the education, research, and innovation knowledge triangle, and among other measures, should include:

a. The establishment of a collaborative platform among universities and high schools in G7 countries, with online courses accessible to students from any G7 country;

b. Greater student mobility within the G7, making it easier for students to have an educational experience at one of the G7 universities as part of their academic curricula;

c. Specific programs for educators, aiming to bridge the existing teaching gap and to equip them with the necessary skills and knowledge to guide students through the multiple transitions;

d. The removal of barriers preventing or reducing access to STEM education and careers, in particular for women and girls, by promoting technical and scientific training from an early age.

2 *(Owner: G7)* Encourage and support the inclusion of underrepresented groups, particularly women and youth, by adopting incentive policies to remove barriers to employment, and supportive measures such as tax incentives, and comprehensive welfare systems ensuring affordable access to high-quality care. G7 governments should facilitate the transition from education to work by funding and developing, among others, career guidance, job counseling, job placement services, and updated Technical and Vocational Education and Training (TVET) systems.

3 *(Owner: G7)* Promote the implementation of shared frameworks to acknowledge academic credentials and work experiences through a common curriculum, enabling mutual recognition, particularly in critical sectors related to emerging trends and transitions, to incentivize cross-country mobility.

Implementing active labor market policies

4 *(Owner: G7)* Activate a common public platform to bridge distances between the workforce and employers, working closely with businesses to identify the labor market's gaps and urgencies and deliver more accurate training. This includes utilizing public and private employment services, enhancing diversity in employment models to adapt to systemic changes, and funding apprenticeship and mid-career reskilling programs, especially focusing on MSMEs operating in emerging fields.

5 *(Owner: G7)* Promote self-entrepreneurship by simplifying the administrative and regulatory burdens on new businesses and by streamlining startup creation.

6 *(Owner: G7)* Strengthen public financial support mechanisms, such as venture capital funding, specifically designed to back highly innovative projects, including government-supported investment funds, grants, and other financial instruments tailored to the unique needs of startups.

7 *(Owner: G7, B7)* Foster inter-generational cross-pollination of skills by introducing specific policies, such as phased retirement, and establishing mentoring and reverse-mentoring programs to promote upskilling and reskilling across both the private and public sectors. Older employees could gradually reduce their working hours, shift responsibilities, and transfer valuable skills to the youth.

8 *(Owner: G7, B7)* Set up public-private partnerships through framework agreements among companies and universities or specialized institutions, targeted at diverse groups including students, career changers, developers, and data scientists to help organizations acquire the necessary expertise to fully unleash the potential of new technologies, including AI.

Enhancing the resilience of welfare systems

9 *(Owner: G7)* Promote the efficiency of welfare systems in the G7 countries by enabling coordination with farsighted industrial policies strongly driven by research and innovation. To provide citizens with long-term equitable access to quality services like healthcare and education the B7 calls on a deeper and more extensive cross-fertilization between academia, research centers, business innovation hubs, startups, public authorities, and administrations.

10 *(Owner: G7)* In light of increasingly aging populations, encourage the development of fiscal and labor policies aimed at stabilizing the old-age dependency rate. Such policies might include redesigning pensions plans (e.g., phased retirement), revisiting tax policies or supporting healthy and active aging.

KPIs

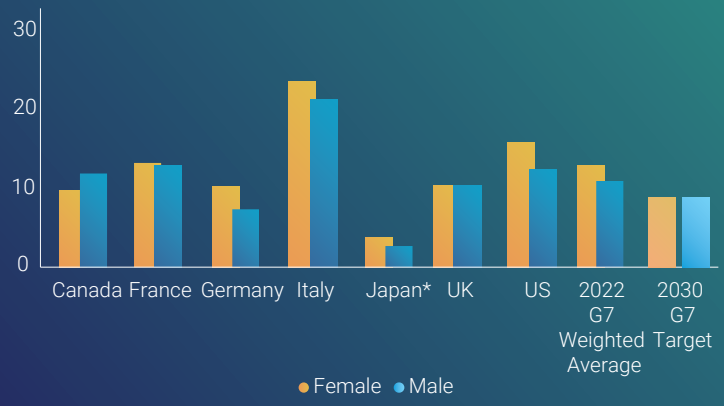
Recommended KPI: Share of youth (15-29 years of age) Not in Education, Employment, or Training (NEET) in the G7.

This indicator measures the extent to which G7 countries are successful at encouraging and supporting inclusion of youth, by removing barriers to education and employment.

BASELINE *(2022)*	TARGET**	YEAR	SOURCE
Weighted Average F: 13.2% Weighted Average M: 11.1%	F: 9% M: 9%	2030	World Bank [1] [2]

** Data for Japan refers to 2019*
*** Based on EU 2030 targets*

Share of NEET youth population (female and male, %)

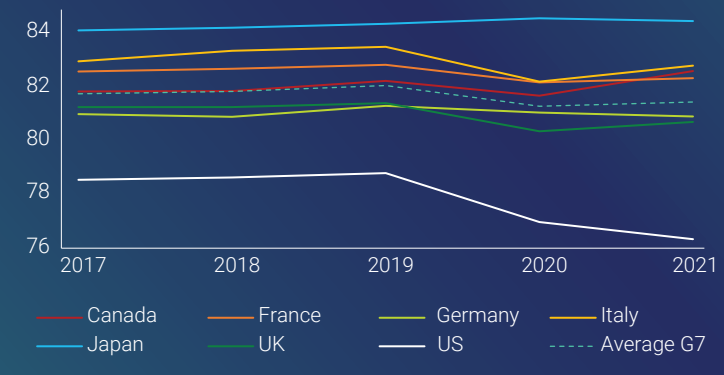


Recommended KPI: Life expectancy at birth in the G7.

The indicator measures life expectancy at birth.This KPI intends to monitor G7 countries' progress in improving life expectancy, targeting alignment with the best performers Italy and Japan.

BASELINE *(2021)*	TARGET	YEAR	SOURCE
Δ JPN versus US = 8.11 years	Equal life expectancy in all G7 countries	2050	World Bank

Life expectancy at birth in G7 countries (years)



BUSINESS 7

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Confederation of British Industry (CBI)
Canadian Chamber of Commerce (CCC)
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KEIDANREN - Japan Business Federation
Mouvement des Entreprises de France (MEDEF)
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