



THINK7
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Economic Security / Boosting economic security collaboration among G7 economies and like-minded allies

Solution Paper

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1 – Map out global supply chain dependencies for priority pharmaceutical goods

The G7 should map out global supply chain dependencies and critical chokepoints for priority pharmaceutical goods.

The global supply of some pharmaceutical goods is highly concentrated among a small number of producers, notably for active pharmaceutical ingredients and antibiotic precursors. The covid-19 pandemic and the ripple effects from the war in Ukraine have shown that reliance on a limited number of manufacturers for critical staples is a vulnerability, which many G7 economies are attempting to address at the national level. Conducting such efforts at the G7 level can help to support the identification of chokepoints and the development of G7-wide options to mitigate supply-chain risks.

Mapping out global supply chain dependencies for critical pharmaceutical products can boost supply-chain security in a critical field for the well-being of G7 citizens. It can also foster the emergence of a productive dialogue with key producers of pharmaceutical goods, such as India. Finally, this work can advance G7 co-operation to track the development of chemical precursors used for illicit purposes.

2 – Set binding G7 standards for critical raw minerals used in G7 supply chains

The G7 should build a set of binding production standards for those critical raw minerals that are either produced on G7 soil or used in G7-based supply chains.

Global competition to secure raw and processed critical minerals is fierce and G7 economies have all made this topic a priority as part of their economic security endeavours.

However, private firms sometimes remain reluctant to make investments in G7 economies – reflecting steeper relative production costs and concerns around long-term demand for higher-priced minerals. What's more, current G7 commitments for the development of standards for the extraction and processing of critical raw minerals remain non-binding.

Setting G7 standards for the financing of critical raw minerals projects can build on the 2025 G7 commitment to develop criteria that constitute minimum thresholds for critical raw minerals used in G7-based supply chains. It can also boost economic security by fostering the development of G7-based supply chains for critical raw minerals, closer to final consumers.

3 – Support demand for G7-made mature semiconductors

The G7 should develop demand-side interventions, such as commitments for government procurement, to foster the emergence of G7-based supply chains for mature semiconductors.

The supply of mature semiconductors (28nm and above) is concentrated among a small number of producer countries. G7 governments are keen to diversify supply sources, but private firms may prove reluctant to make investments to build costly fabrication plants in G7 economies. This is in part due to uncertain demand for G7-made chips, as legacy producers benefit from lower production costs. A commitment from G7 governments to source mature chips only from signatories to the WTO's Agreement on Government Procurement would help to tackle this challenge.

G7 government commitments for the procurement of mature chips can help to support the creation of G7-based supply chains. The creation of such supply chains can also fuel demand for skilled workers in the field, supporting efforts to train and retrain G7 citizens for those economic sectors that will be critical to supporting long-term growth.

4 – Establish a G7 contact group on responses to geoeconomic coercion

Building on the 2023 G7 co-ordination platform on economic coercion, the G7 should establish a contact group for deterring and responding to geoeconomic coercion from non-G7 actors.

G7 economies face a wide array of challenges from the growing weaponisation of trade, financial and technological flows. A collective, G7 response to such threats would carry weight and possibly represent a robust deterrent. In addition, greater collaboration among G7 economies on economic coercion would help G7 governments to identify best practices.

The creation of a G7 contact group on responses to geoeconomic coercion can put G7 members on a stronger footing to detect coercion, exchange information about emerging threats and collaborate with the private sector. It can also foster the development of a G7-wide culture around geoeconomic coercion and serve as a forum for co-operation with like-minded partners.

5 – Set up a G7 platform to increase awareness of economic security

The G7 should set up a platform to raise awareness about the long-term gains of tackling economic security-related issues.

G7 governments recognise the need to beef up economic security, but the general public and private companies are not always on board for such efforts. In addition, the debate around economic security often focuses on weaknesses, dependencies and short-term costs. In turn, there is little positive discussion as to how beefing up economic security can benefit societies, in particular among younger generations and those facing affordability issues.

Setting up a platform to increase awareness of economic security-related issues can raise the ability of G7 governments – both individually and at the collective level – to implement economic security-related policies.

The platform can also help to disseminate information and to collect feedback from civil society.

6 – Develop G7 standards for economic security tools

The G7 should establish common standards for the use of economic security tools, such as investment screening or export controls.

G7 economies are increasingly resorting to economic tools, such as investment screening regimes, export controls on key technologies or local content preferences, in a bid to advance economic security. However, there is no collective understanding of best practices at the G7 level. This fragmentation hinders efforts to identify common G7 challenges, align national policies where possible and develop collective responses to joint vulnerabilities. The co-existence of a wide array of different measures and legal intricacies also increases the private sector burden of implementing these tools.

The development of G7 standards for economic security tools can help to foster a common, G7-wide understanding of best practices and challenges for the implementation of such policies. It can also support the emergence of a dialogue with developing economies willing to advance their own economic security.

7 – Establish an Indo-Pacific (G7+) pillar for economic security

The G7 should establish an Indo-Pacific (“G7+”) pillar for economic security for co-operation with key partners—particularly Australia and South Korea.

The effectiveness of G7 economic-security initiatives increasingly hinges on developments that take place beyond the G7. In key domains central to current G7 priorities—critical minerals and technology supply chains—production capacity, processing capability and chokepoints are concentrated in the Indo-Pacific. In particular, Australia will be indispensable to secure and diversify supply chains for critical minerals, while South Korea is a crucial player in semiconductors and batteries.

The establishment of an Indo-Pacific pillar for economic security can support G7 efforts to diversify sources of critical minerals; strengthen technology supply chains; and enhance resilience against coercion by integrating G7+ partners into early-warning and information-sharing arrangements.