

G7 TRADE MINISTERS' COMMUNIQUÉ

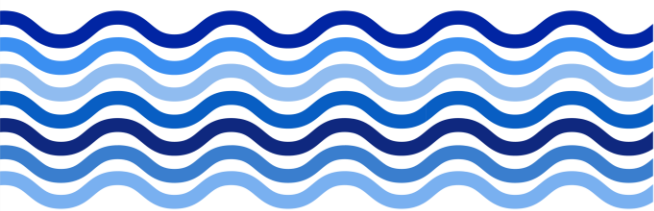
1. We, the G7 Trade Ministers, stand united in our commitment to free and fair trade as foundational principles and objectives of the rules-based multilateral trading system, as well as to the modernisation of international trade rules.

Free and Fair Trade

2. We reaffirm the vital role trade plays in ensuring we build back better from the Covid-19 pandemic and in contributing to the Sustainable Development Goals (SDGs). We agree on the need for the world's leading democratic nations to unite behind a shared vision to ensure the multilateral trading system is reformed to be free and fair for all, more sustainable, resilient and responsive to the needs of global citizens. We strongly support the WTO Director-General in her efforts to modernise the World Trade Organization (WTO). We welcome further cooperation on this work through the G20 and with the wider WTO membership to make significant progress on WTO reform and to ensure the 12th WTO Ministerial Conference (MC12) delivers the tangible results our citizens expect.

Market-Distorting Policies and Practices

3. Recalling the G7 Leaders Statement at Charlevoix in 2018, we, the G7 Trade Ministers, reaffirm our commitment to open-markets and a global trading system that should not be undermined by unfair trade. We remain concerned by the increased use of non-market policies and practices. These distort competition and reduce fairness and trust in the system. Fundamentally, we note that they are a threat to the integrity and sustainability of the rules-based multilateral trading system. In this respect, we note the discussions on level playing field that have taken place at the G20 and look forward to working cooperatively with all G20 members on this important issue.
4. We recognise that concerns about market-distorting practices centre around their harmful impacts on citizens and businesses. These practices create unfair competitive conditions, hindering the development and use of innovative technologies and undermining the proper functioning of international trade. Of particular concern are harmful industrial subsidies, including those that lead to severe excess capacity, a lack of transparency regarding the state's role in the economy and the role of state enterprises in unfair subsidisation, and forced technology transfer.
5. We reaffirm the importance of the Global Forum on Steel Excess Capacity (GFSEC) as a forum that can help address the issue of global steel excess capacity in a multilateral framework. We believe that dialogue, transparency, and cooperation at a global level represent a crucial means to address the imbalances created by worsening excess capacity. We deem it paramount that the GFSEC can count on the active participation of all major producer states.
6. We welcome the OECD paper for the G7 on economic resilience and its wider work on market-distorting practices. This work has helped advance the evidence base on the scale, opaqueness, and impact of market-distorting policies and practices and we encourage the OECD to continue to progress this work. We also note the OECD's excellent recent research on the use of below-market financing. This research found that there appears to be a relationship between government support in the form of below-



market financing and excess capacity in several sectors, and raised significant concerns about a lack of transparency.

7. We call for the start of negotiations to develop stronger international rules on market-distorting industrial subsidies and trade-distorting actions by state enterprises. We will continue our efforts to tackle unfair practices that force companies to transfer technology to the state or to competitors. We recognise the critical importance of engaging with other WTO Members on these issues.

Transparency

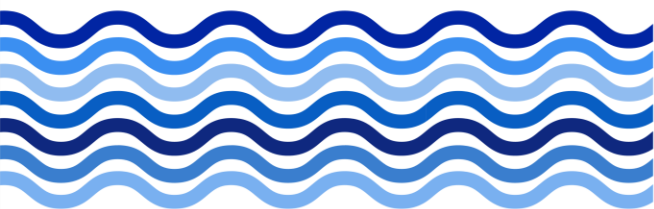
8. We note that the evidence base is negatively affected by the opaqueness of market-distorting policies and practices. Deeper and more thorough evidence and transparency will improve global understanding of the problem and build pressure on all nations to play by the rules. To this effect and to maintain momentum, we commit to devoting necessary resources to conduct the needed technical work in this area including considering further ways in which transparency can be strengthened and where improvements can be made. We look forward to continuing our dialogue and considering further joint action as appropriate.
9. We are committed to working together, and with the wider WTO membership, to reinforce the fundamental principle of transparency in all respects which is at the core of the WTO. In this spirit, we remain committed to upholding our notification obligations in a timely manner and call on the wider WTO membership to do the same. We agree to continue working closely together on the notification proposal in the WTO Council for Trade in Goods aimed at improving compliance, including actively seeking to bring more WTO Members on board, and advancing the proposal's pathway to MC12.

WTO Dispute Settlement

10. We engaged in frank and constructive discussions regarding reform of the WTO Dispute Settlement System, and committed to continuing these discussions ahead of our meeting in October.

Special and Differential Treatment

11. Highlighting that full implementation of WTO rules contributes to economic growth and development, we consider that Special and Differential Treatment (SDT) is and should continue to be a tool to achieve WTO objectives, supporting Members with demonstrable needs to participate in WTO agreements, while also reflecting developments in the global economy. We stress that SDT is aimed at helping the poorest and least integrated WTO Members to implement WTO rules and to make commitments commensurate with their needs and economic capacities.
12. Restoring the credibility of the WTO as a negotiating forum requires a new approach to SDT. Such an approach should combine a more targeted focus on how to support the integration of Least Developed Countries and low-income developing countries into the trading system, as well as greater differentiation in the measures provided based on specific, identified needs. Against this background, we call on advanced WTO Members claiming developing country status to undertake full commitments in ongoing and future WTO negotiations. We applaud the fact that some WTO Members have indicated their intention to do so.



Plurilaterals

13. We recognise the significant value that plurilateral initiatives and agreements have brought to the WTO, including the ongoing Joint Initiative discussions launched at the 11th WTO Ministerial Conference that have provided a means of making progress on 21st century issues.
14. Recent plurilateral discussions have brought much-needed energy and dynamism to the WTO, enabling a significant proportion of the membership to make vital progress on areas where new rules and commitments are urgently needed to demonstrate the Organization's credibility and relevance in addressing the needs of workers and businesses. These discussions provide a forum for negotiation among WTO Members in a way that is consistent with the rights and obligations of WTO Members and the core functions of the WTO under the Marrakesh Agreement. We underline the importance of ensuring existing, ongoing, and future plurilateral initiatives remain inclusive, transparent, and open to all WTO Members.
15. We further look forward to making substantial progress this year in the ongoing negotiation under the Joint Statement Initiative on E-commerce. We note the work undertaken towards the conclusion of the negotiations under the Joint Statement Initiative on Services Domestic Regulation by its participants.
16. We will continue our discussions on WTO reform during this G7 Presidency and look forward to engaging more widely with WTO Members on the reform agenda to build common ground.

Forced Labour

17. We reaffirm our obligations under international human rights law, and those deriving from the International Labour Organization (ILO) membership, especially the ILO Declaration on Fundamental Principles and Rights at Work and its Follow Up. We underline our commitment to meaningful implementation of the UN Guiding Principles on Business and Human Rights, on the 10th anniversary of their unanimous endorsement by the UN Human Rights Council. We also reaffirm our support for efforts to achieve the 2030 Agenda for Sustainable Development.
18. We recall the commitments made by G7 Leaders in Elmau, 2015, to foster sustainable supply chains and by the G7 Social Ministers in Paris, 2019, to promote decent work, responsible business conduct and human rights due diligence in global supply chains and by G20 Labour and Employment Ministers in Mendoza, in 2018, to eradicate child labour, forced labour, human trafficking, and modern slavery.
19. We will continue to work together to protect individuals from forced labour, including mitigating the risks of forced labour in global supply chains. We task our officials to convene a technical discussion to share data and evidence and develop recommendations based on best practices to prevent, identify, and eliminate forced labour in global supply chains.



Modernising Trade

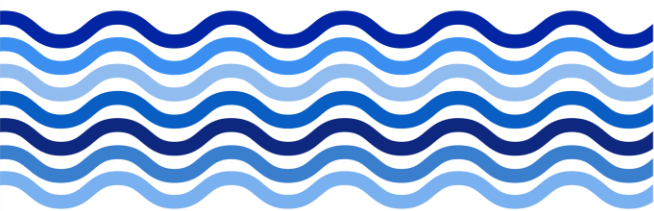
20. We recognise that the multilateral trading system is in need of modernisation to reflect changes in the global economy as we build back better from the Covid-19 pandemic. We agree to advance key issues including trade and the environment, trade and health, and digital trade and to ensure that global trade serves as an engine for inclusive economic growth.

Trade and the Environment

21. 2021 is a crucial year to accelerate international efforts to address climate change, including through the UN Climate Change Conference of the Parties (COP26). We agree that global problems such as climate change and biodiversity loss require coordinated solutions. The G7 has the opportunity to make trade part of the solution through coordinated action. We recognise that the structured discussions at the WTO on trade and environmental sustainability are an opportunity to build momentum in this regard.
22. As the world transitions to net zero, we acknowledge the risk of carbon leakage to decarbonisation goals, and the potential impact it could have on those countries that have adopted rigorous approaches to reduce carbon emissions, and agree that countries should work collaboratively to address this risk.
23. The G7 has a key role in promoting, enabling, and supporting the transition to sustainable commodities markets and supply chains, and as G7 Trade Ministers we are committed to playing our part. Deforestation is a global threat to our climate, biodiversity, food security, and livelihoods. Around 80% of global deforestation is due to change of land use for agriculture, a significant proportion of which is for the production of a specific group of internationally traded agricultural commodities.
24. We commit to work through the WTO and other fora to develop trade policy approaches that support sustainable supply chains for forest and agricultural commodities.
25. We look forward to the Forest, Agriculture and Commodity Trade (FACT) dialogue and the work of the International Tropical Timber Organization, in order to discuss a set of shared global principles as well as a common roadmap to global sustainable supply chains, helping to conserve and sustainably manage forests and other ecosystems, while promoting trade and development.
26. We commit to continue efforts with consumer and producer markets and the private sector to support sustainable supply chains that decouple agricultural production from deforestation and forest degradation. We commit to work with environment and other relevant ministries, domestically, bilaterally and in multilateral fora, including in the context of trade agreements as appropriate, to share best practices and consider any appropriate domestic actions that support this aim.

Fisheries subsidies negotiations

27. We recognise the importance of a meaningful outcome in the WTO negotiations on fisheries subsidies to the health of the world's oceans, the livelihoods of our fishers and other workers, and the functioning of the rules-based multilateral trading system. We express full support for the WTO Director-General's efforts to reach a conclusion this summer, ahead of MC12. We will continue to seek effective disciplines on harmful



fisheries subsidies, with limited or no exceptions, to protect our environment and the sustainability of global fisheries resources. We encourage the wider WTO membership to engage positively on this and other issues to reach a meaningful agreement as soon as possible.

Women's economic empowerment

28. We acknowledge that advancing women's economic empowerment and participation in trade requires action in many areas of our domestic and regional economies, and complementary trade and domestic policies that will ensure women, as workers, business owners, and consumers, can participate in and benefit from trade. We therefore recognise the importance of developing a strong evidence base and welcome the collection and analysis of gender disaggregated data and the development of tools, such as, for instance, the SheTrades Outlook. We commit to reviewing our trade policy to ensure it supports women's economic empowerment and we will further our efforts to promote gender equality and equity in bilateral and multilateral settings.
29. We will contribute to discussions under the WTO Informal Working Group on Trade and Gender to share experiences that advance women's economic empowerment through trade, including but not limited to, issues regarding Aid for Trade and the development of comparable data on women in trade.

Trade and Health

30. We are deeply saddened by the scale of human tragedy that Covid-19 presents to all peoples across the world. Trade makes an invaluable contribution to fighting the pandemic. We underline the importance of prioritising global health, now more than ever and welcome the principles of the Rome Declaration adopted at the G20 Global Health Summit. We are united as the G7 with the aim of delivering as many safe and effective vaccines as fast as possible, to as many people as possible across the world.
31. We will prioritise discussions and support work at WTO in identifying solutions to expand global vaccine production and distribution. Working with industry, the COVAX Manufacturing Taskforce and the ACT-A Manufacturing Working Group, we will scale up capacity and engage on forward supply planning in order to accelerate the progress of vaccination programmes across the world. We welcome the commitments made in the G7 Foreign and Development Ministers' Equitable Access and Collaboration Statement, including support for production enablers on voluntary and mutually agreed terms such as: licensing, technology and know-how transfers, contract manufacturing, transparency, and data sharing, public-private costs and risk sharing. We also support strategic investments to diversify production bases, working with industry, international organisations, regional bodies, and other governments to target funding effectively.
32. We support open, diversified, secure, and resilient supply chains in the manufacture of Covid-19 critical goods and vaccines and their components, as well as broad global availability, and welcome the development of initiatives to promote this such as the proposed COVAX marketplace platform for supply inputs.
33. To meet the unprecedented challenge of ensuring availability of safe and effective Covid-19 critical goods, including vaccines, we must enhance our cooperation and better anticipate coming challenges. We invite WTO Members to continue to work in partnership



to formulate pragmatic, effective, and holistic solutions to support trade in health ahead of and at MC12.

34. We continue to support the recovery of international trade and investment as agreed at the G20 and welcome the progress achieved. In particular, we welcome the termination of many trade restrictive measures and the implementation of trade facilitation measures. We reiterate the importance that any trade measures designed to tackle Covid-19, if deemed necessary, are targeted, proportionate, transparent, temporary, reflect our interest in protecting the most vulnerable, do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules.
35. We reaffirm our commitments to reducing unnecessary barriers at the border and along our transport routes, in line with the WTO Trade Facilitation Agreement (TFA), making an important contribution to the timely flow of safe and effective medical, pharmaceutical, and essential goods. This includes accelerating implementation of the TFA, increasing the use of electronic documentation and streamlining processes where possible, endeavouring to enhance custom cooperation internationally and encourage the sharing of best practices.

Digital trade

36. We believe that digital trade must be at the service of our people. Building on our discussions in March, we agree that global digital markets must be open, so that entrepreneurialism and innovation can thrive. We are united in our opposition to digital protectionism. We agree on the importance of data free flow with trust, and in this regard, we welcome and support the OECD's work on digital trade and data flows. We recognise that data localisation can impact data flows, with possible consequences for businesses, particularly micro, small, and medium-sized enterprises. We recognise the importance of unlocking the power of data in our economies and our societies, while continuing to address challenges related to privacy, data protection, intellectual property rights, and security.
37. We believe that digital trade should be used to support jobs, raise living standards, and respond to the needs of consumers. Businesses must have a secure digital trading environment, with the highest standards of cybersecurity and robust defences against illicit or malign activity. We recognise that digitisation can make trade faster and more secure, so we resolve to use technology to cut red tape and simplify cross-border trading processes. We support a permanent prohibition of customs duties on electronic transmissions. Furthermore, we reaffirm our belief in fair and inclusive global governance for digital trade. We are committed to negotiating the E-commerce Joint Statement Initiative in an open, inclusive, and transparent way. We want the outcome to benefit workers, consumers, and businesses in developing economies, as well as those in developed economies. We will continue discussing these issues in the coming months, and we will adopt the G7's Digital Trade Principles at the Trade Ministers' Meeting in October.

Closing Remarks

38. We are committed to continuing our collective work to drive forward global trade in support of the global recovery efforts from the Covid-19 pandemic. We task our trade officials to coordinate and ensure G7 cooperation on responses to key issues, and to report back to us ahead of our G7 Trade Ministers' Meeting in October 2021.