

# G7 Trade Ministers' Communiqué – October 2021

We, the G7 Trade Ministers, met in London on 22 October to build on the initiatives we agreed in our communiqué of 28 May and advance our discussions on reforming the multilateral trading system to address 21st century trade issues and advance free and fair trade. We stand united in our commitment to build back better from the pandemic and provide our citizens with the intended benefits of free, fair, and sustainable trade, including raised living standards, full employment, sustainable development, and a protected and preserved environment. We are grateful for the insights of the Secretary-General of the Organisation for Economic Cooperation and Development (OECD) who participated in the meeting.

We welcome the presentation by the Chair of the Economic Resilience Panel, Lord Sedwill, and note the panel's suggestions on strengthening the resilience of global supply chains. We commit to closely monitoring issues impacting global supply chains and to continue working together to address these shared challenges.

## **12th WTO Ministerial Conference**

We discussed our priorities for the 12th WTO Ministerial Conference (MC12) building on our Leaders' commitments reached in Carbis Bay in June. Our shared objective is to deliver a successful Ministerial Conference that positions Members to foster a rules-based multilateral trading system, with the WTO at its centre, that is more resilient, sustainable, inclusive, and responsive to the needs of global citizens. We are determined to achieve a multifaceted outcome on trade and health as the response by the WTO to the Covid-19 pandemic, including how the international IP framework can best support the pandemic response. We will work with all WTO Members to resolve outstanding issues so that a meaningful agreement on effective disciplines on harmful fisheries subsidies can be attained, showing that the WTO can contribute to sustainability through its rule-making. We will work to deliver a realistic outcome on agriculture and agree to support a strong outcome in the Joint Initiative on Services Domestic Regulation. We support a permanent prohibition of customs duties on electronic transmissions. We look forward to further work on initiatives such as trade and environmental sustainability, and trade and gender. MC12 should highlight the WTO's ability to contribute to resolving 21st century challenges, including climate change and the loss of biodiversity. We commit to a successful and productive WTO 12th Ministerial Conference as an important opportunity to advance WTO reform to revitalise the organisation.

## **WTO reform**

We are committed to advancing work towards WTO reform in a way that is inclusive and action-orientated, to build a more viable and durable multilateral trading system. A key objective of WTO reform will be to

strengthen the organization's three core functions, in an effort to build a free and fair rules-based multilateral trading system that benefits all its members and helps secure shared prosperity for all. This includes advancing the effectiveness of the WTO's monitoring, negotiating and dispute settlement system functions, which requires resolving long-standing issues. We also highlight that the correct implementation and monitoring of commitments are essential to maintaining the integrity of an effective multilateral rules-based system and therefore support and encourage enhanced transparency and dialogue among WTO members in a balanced and inclusive manner. We remain committed to active engagement in this work to provide the political momentum necessary for progress, recalling the points highlighted by G7 Leaders' Carbis Bay communiqué and the Sorrento Declaration of G20 Trade and Investment Ministers.

## **Free and Fair Trade**

Our discussions today strengthened our resolve to tackle unfair trade practices that threaten the livelihoods of our citizens, harm our businesses, erode trust in, and undermine the functioning of the global trading system. We stand shoulder to shoulder in our commitment to act against these threats and prevent those seeking unfair advantages from benefiting.

Reconfirming our commitments in our May communiqué, we deepened discussions on market-distorting practices and the need to defend the integrity and sustainability of the rules-based multilateral trading system. We noted the continued opaqueness of these practices and the chronically low levels of compliance of some WTO members with regards to providing complete and timely notifications to meet their subsidy notification obligations. An important step in reinforcing the fundamental principles of transparency would be the adoption of the transparency and notification proposal in the General Council. We all endorse this proposal and will encourage the wider WTO membership to support it. We welcome the G20 commitments earlier this month to continue to work to ensure a level playing field, underscoring the importance of fair competition and of tackling distortions in trade and investment. We committed to continue our work together with likeminded partners to identify other ways to address the lack of transparency in government support by some jurisdictions. We reaffirmed 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 will continue to support and work with the OECD to build on their excellent work undertaken to date, including a continued focus on the analysis of the incidence and magnitude of market-distorting practices and the impacts these may have on issues such as creating and maintaining overcapacity. We will step up our efforts in countering these practices, through appropriate tools and levers, and to develop stronger international rules on practices such as market-distorting industrial subsidies and trade-distorting actions by state enterprises.

We share and are guided by the concern expressed by our Leaders in Carbis Bay regarding the use of all forms of forced labour in global supply chains, including state-sponsored forced labour of vulnerable groups and minorities,

including in the agricultural, solar and garment sectors. We affirm that there is no place for forced labour in the rules-based multilateral trading system. We endorsed recommendations to identify, prevent and eliminate forced labour in global supply chains reflected in the [statement annexed to this communiqué](#). To further our response to these challenges, we will continue to discuss these important issues and commit to working collaboratively and with the assistance of relevant international organisations to tackle them.

## **Modernising Trade**

We recognise the urgent need to update the rules for global trade to ensure they continue to have a positive impact on the daily lives of our citizens. We oppose digital protectionism and authoritarianism and today, we have adopted the [G7 Digital Trade Principles](#) that will guide the G7's approach to digital trade, annexed to this communiqué. We have committed to open digital markets; data free flow with trust; safeguards for workers, consumers, and businesses; digital trading systems; and fair and inclusive global governance. Efforts should be intensified to tackle the digital divide and to build the capacities of developing countries. Furthermore, we are committed to advancing the E-Commerce Joint Statement Initiative towards a high standard and commercially meaningful outcome that works for all. We aim to achieve substantial progress by the 12th WTO Ministerial Conference.

As we implement the Paris Agreement and transition to net-zero emissions, we recognise the negative effect that carbon leakage may have on the climate. We commit to work collaboratively, including with relevant international organisations, to address the risk of carbon leakage, while enhancing international climate ambition. We also recognise the need for dialogue on the domestic solutions that are already being considered. We recognise the importance of ensuring that any approach is, among other things, transparent and WTO consistent. We agree on the importance of any trade solution to carbon leakage being built on a robust evidence base with scientifically sound data. We commit to continuing open, inclusive, and constructive discussions on trade and the environment, including carbon leakage, through fora such as the Trade and Environmental Sustainability Structured Discussions (TESSD), in recognition of trade's important role in tackling climate change.

We reconfirm our commitment to an end to new direct government support for unabated international thermal coal power generation by the end of 2021, including through export finance, investment, and financial and trade promotion support.

We welcome discussions at the G7 Trade and Environment Officials' Meeting on 30 September regarding supporting sustainable supply chains that decouple agricultural production from deforestation and forest degradation.

We are committed to continuing our collective work in all relevant fora to champion free and fair trade and to the modernisation of international trade rules. We look forward to continuing discussions under the trade track of the German Presidency in 2022.